

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 HOUSE BILL 1669

By: Dank

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 36
8 O.S. 2011, Section 625.1, and 68 O.S. 2011, Sections
9 2357.4, 2357.11, as amended by Section 1, Chapter
10 371, O.S.L. 2013, 2357.22, as last amended by Section
11 12, Chapter 328, O.S.L. 2014, 2357.25, 2357.27, as
12 amended by Section 1, Chapter 33, O.S.L. 2014,
13 2357.32A, as amended by Section 2, Chapter 371,
14 O.S.L. 2013, 2357.32B, 2357.41, 2357.45, 2357.46,
15 2357.47, as amended by Section 1, Chapter 292, O.S.L.
16 2014, 2357.59, 2357.100, 2357.101, as amended by
17 Section 1, Chapter 291, O.S.L. 2014, 2357.104 and
18 2357.201 (68 O.S. Supp. 2014, Sections 2357.11,
19 2357.22, 2357.27, 2357.32A, 2357.47 and 2357.101),
20 which relate to tax credits; prescribing date for
21 termination of tax credits; and providing an
22 effective date.

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

24 SECTION 1. AMENDATORY 36 O.S. 2011, Section 625.1, is
amended to read as follows:

Section 625.1 A. A foreign or alien insurer which is subject
to the tax imposed by Section 624 of this title shall be entitled to
a credit against said tax actually paid to and placed in the General
Revenue Fund of the state, not including any of said tax monies

1 placed in pension funds and not including any of said tax monies
2 placed in escrow, if, during the year for which the tax is being
3 assessed, the insurer or its affiliate maintained a regional home
4 office in this state in a building owned or leased by the insurer.
5 To receive a credit against the tax imposed for the year in which
6 the regional home office was established, said office must have been
7 maintained continuously from on or before August 1 of that year
8 through the last day of the calendar year. For succeeding years, an
9 insurer or its affiliate shall have maintained the regional home
10 office continuously from the first day of the calendar year for
11 which the tax is imposed through the last day of that calendar year.

12 The Home Office Credit shall be calculated as follows:

13 1. Until June 30, 2010, the credit shall be equal to the
14 following percentages of the amount due after the credits authorized
15 by Sections 624.1 and 625 of this title have been deducted:

16 a. fifteen percent (15%), if there are more than two
17 hundred full-time, year-round Oklahoma employees, but
18 less than three hundred full-time, year-round Oklahoma
19 employees,

20 b. twenty-five percent (25%), if there are more than
21 three hundred full-time, year-round Oklahoma
22 employees, but less than four hundred full-time, year-
23 round Oklahoma employees,

24

1 c. thirty-five percent (35%), if there are more than four
2 hundred full-time, year-round Oklahoma employees, but
3 less than five hundred full-time, year-round Oklahoma
4 employees, or

5 d. fifty percent (50%), if there are five hundred or more
6 full-time, year-round Oklahoma employees; and

7 2. Beginning July 1, 2010, in the calculation of the credit,
8 the amount to be apportioned to the Oklahoma Firefighters Pension
9 and Retirement Fund, the Oklahoma Police Pension and Retirement
10 System and the Law Enforcement Retirement Fund shall be applied
11 prior to the calculation of the credit. The amount of the credit
12 shall be derived from amounts remaining after the apportionment to
13 the Oklahoma Firefighters Pension and Retirement Fund, the Oklahoma
14 Police Pension and Retirement System and the Law Enforcement
15 Retirement Fund. The credit shall be calculated by first applying a
16 "Home Office Credit Allotment Rate" of forty-seven percent (47%) to
17 the gross premium tax owed by the insurer and then determining the
18 allowable credit by applying the following percentages of the amount
19 due after the credits authorized by Sections 624.1 and 625 of this
20 title have been deducted:

21 a. fifteen percent (15%), if there are more than two
22 hundred full-time, year-round Oklahoma employees, but
23 less than three hundred full-time, year-round Oklahoma
24 employees,

- 1 b. twenty-five percent (25%), if there are more than
2 three hundred full-time, year-round Oklahoma
3 employees, but less than four hundred full-time, year-
4 round Oklahoma employees,
5 c. thirty-five percent (35%), if there are more than four
6 hundred full-time, year-round Oklahoma employees, but
7 less than five hundred full-time, year-round Oklahoma
8 employees, or
9 d. fifty percent (50%), if there are five hundred or more
10 full-time, year-round Oklahoma employees.

11 B. A domestic insurer with four hundred or more full-time,
12 year-round Oklahoma employees which is subject to the tax imposed by
13 Section 624 of this title shall be entitled to a credit against said
14 tax actually paid to and placed in the General Revenue Fund of the
15 state, not including any of said tax monies placed in pension funds
16 and not including any of said tax monies placed in escrow, if,
17 during the year previous to the year for which the tax is being
18 assessed, the insurer or its affiliate maintained a regional home
19 office in this state in a building owned or leased by the insurer
20 and during the year for which the tax is being assessed, the insurer
21 establishes its home office in this state in a building owned or
22 leased by the insurer. To receive a credit against the tax imposed
23 for the year in which the home office was established, said office
24 must have been maintained continuously from on or before August 1 of

1 that year through the last day of the calendar year. For succeeding
2 years, an insurer shall have maintained the home office continuously
3 from the first day of the calendar year for which the tax is imposed
4 through the last day of that calendar year. Insurers who take
5 action before August 1, 2000, to establish their home office in this
6 state shall be entitled to a credit against the tax imposed on or
7 after January 1, 2001, which shall be in addition to the credit the
8 insurer is entitled to for that year. The Home Office Credit shall
9 be calculated as follows:

10 1. Until June 30, 2010, the credit shall be equal to the
11 following percentages of the amount due after the credits authorized
12 by Sections 624.1 and 625 of this title have been deducted:

13 a. thirty-five percent (35%), if there are more than four
14 hundred full-time, year-round Oklahoma employees, but
15 less than five hundred full-time, year-round Oklahoma
16 employees, or

17 b. fifty percent (50%), if there are five hundred or more
18 full-time, year-round Oklahoma employees; and

19 2. Beginning July 1, 2010, in the calculation of the credit,
20 the amount to be apportioned to the Oklahoma Firefighters Pension
21 and Retirement Fund, the Oklahoma Police Pension and Retirement
22 System and the Law Enforcement Retirement Fund shall be applied
23 prior to the calculation of the credit. The amount of the credit
24 shall be derived from amounts remaining after the apportionment to

1 the Oklahoma Firefighters Pension and Retirement Fund, the Oklahoma
2 Police Pension and Retirement System and the Law Enforcement
3 Retirement Fund. The credit shall be calculated by first applying a
4 "Home Office Credit Allotment Rate" of forty-seven percent (47%) to
5 the gross premium tax owed by the insurer and then determining the
6 allowable credit by applying the following percentages of the amount
7 due after the credits authorized by Sections 624.1 and 625 of this
8 title have been deducted:

9 a. thirty-five percent (35%), if there are more than four
10 hundred full-time, year-round Oklahoma employees, but
11 less than five hundred full-time, year-round Oklahoma
12 employees, or

13 b. fifty percent (50%), if there are five hundred or more
14 full-time, year-round Oklahoma employees.

15 c. A domestic insurer which is subject to the tax imposed by
16 Section 624 of this title shall be entitled to a credit against said
17 tax actually paid to and placed in the General Revenue Fund of the
18 state, not including any of said tax monies placed in pension funds
19 and not including any of said tax monies placed in escrow, if,
20 during the year for which the tax is being assessed, the insurer
21 maintained a regional home office in at least five or more counties
22 in this state in buildings owned or leased by the insurer. To
23 receive a credit against the tax imposed for the year in which the
24 regional home offices were established, said offices must have been

1 maintained continuously from on or before August 1 of that year
2 through the last day of the calendar year. For succeeding years, an
3 insurer shall have maintained the regional home offices continuously
4 from the first day of the calendar year for which the tax is imposed
5 through the last day of that calendar year. The Home Office Credit
6 shall be calculated as follows:

7 1. Until June 30, 2010, the credit shall be equal to the
8 percentage of the amount due after the credits authorized by
9 Sections 624.1 and 625 of this title have been deducted as
10 established in subsection A of this section; and

11 2. Beginning July 1, 2010, in the calculation of the credit,
12 the amount to be apportioned to the Oklahoma Firefighters Pension
13 and Retirement Fund, the Oklahoma Police Pension and Retirement
14 System and the Law Enforcement Retirement Fund shall be applied
15 prior to the calculation of the credit. The amount of the credit
16 shall be derived from amounts remaining after the apportionment to
17 the Oklahoma Firefighters Pension and Retirement Fund, the Oklahoma
18 Police Pension and Retirement System and the Law Enforcement
19 Retirement Fund. The credit shall be calculated by first applying a
20 "Home Office Credit Allotment Rate" of forty-seven percent (47%) to
21 the gross premium tax owed by the insurer and then determining the
22 allowable credit by applying the percentage of the amount due after
23 the credits authorized by Sections 624.1 and 625 of this title have
24 been deducted as established in subsection A of this section.

1 D. Proof that an insurer qualifies for the credit authorized by
2 this section shall be on forms prescribed by the Insurance
3 Commissioner and shall be submitted to the Commissioner annually
4 with the report which is filed pursuant to Section 624 of the
5 Insurance Code.

6 E. The credit provided for in subsections A, B and C of this
7 section shall be based on the total number of Oklahoma employees in
8 the regional or home office when a group of insurers which are under
9 common management and control maintain a regional home office or
10 home office in this state in a building owned or leased by the group
11 of insurers. The credit provided for in subsections A, B and C of
12 this section may be allocated among the insurance company and the
13 insurance company affiliates at the discretion of the insurance
14 company on a per-insurance-company basis.

15 F. As used in this section:

16 1. "Regional home office" means an office transacting
17 insurance, as defined in Section 105 of this title, and performing
18 insurance company operations, which is defined as one or more or any
19 combination of the following functions and services performed in
20 connection with the development, sale, and administration of
21 products giving rise to receipts subject to a premium tax on
22 domestic and foreign insurance companies, or domestic or foreign
23 health care insurance corporations: actuarial, medical, legal,
24 investments, accounting, auditing, underwriting, policy issuance,

1 information, policyholder services, premium collection, claims,
2 advertising and publications, public relations, human resources,
3 marketing, sales office staff, training of sales and service
4 personnel, and clerical, managerial, and other support for any such
5 functions or services;

6 2. "Common management and control" means the possession, direct
7 or indirect, of the power to direct or cause the direction of the
8 management and policies of an insurer, whether through the ownership
9 of voting securities, by contract, or otherwise, unless the power is
10 executed by a person acting in an official capacity, performing
11 duties imposed and exercising authority granted because of the
12 person's position as an officer or employee of the insurer. Control
13 shall be presumed to exist if any person, directly or indirectly,
14 owns, controls, holds with the power to vote, or holds proxies
15 representing twenty-five percent (25%) or more of the voting
16 securities of the insurer;

17 3. "Oklahoma employees" means persons who are employed in
18 Oklahoma after January 1, 2000, and who are common law employees of
19 an insurance company or its affiliate. Oklahoma employees do not
20 include independent contractors or any persons to the extent that
21 the compensation of that person is based on commissions;

22 4. "Insurance company" means any entity subject to a premium
23 tax on domestic and foreign insurance companies, or domestic or
24 foreign health care insurance corporations, including the attorney-

1 in-fact authorized by and acting for the subscribers of a reciprocal
2 insurer or inter-insurance exchange under powers of attorney. A
3 reciprocal and its attorney-in-fact shall be a single entity; and

4 5. "Home office" means the executive offices of an insurance
5 company which is domiciled in this state.

6 G. Each insurer or insurance group requesting a credit under
7 this section shall certify by affidavit, approved as to form by the
8 Commissioner, that the insurer has met all of the qualifications
9 required by this section and is authorized to a credit against the
10 premium tax which actually shall be paid to, and placed in the
11 General Revenue Fund of the state, exclusive of any amounts of the
12 tax which shall be credited to pension funds pursuant to law and
13 exclusive of any amounts which shall be placed into escrow. The
14 Commissioner may do an examination for the sole purpose of
15 certifying that all requirements of this section are being met by
16 the insurer requesting to obtain any credits against premium tax.

17 H. For the fiscal year beginning July 1, 2006, and for each
18 fiscal year thereafter, and notwithstanding any other provisions of
19 ~~Title 36 of the Oklahoma Statutes~~ this title or any other provision
20 of law governing the order in which the credit authorized by this
21 section is to be deducted from the liability of the company claiming
22 such credit to the contrary, the credit authorized by this section
23 shall be deducted from the insurance premium tax liability of the
24

1 company claiming such credit prior to the deduction of any other
2 credits that may be claimed against such liability.

3 I. The credit authorized by this section shall not be utilized
4 for any period after June 30, 2018.

5 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357.4, is
6 amended to read as follows:

7 Section 2357.4 A. Except as otherwise provided in subsection F
8 of Section 3658 of this title and in subsection J of this section,
9 for taxable years beginning after December 31, 1987, there shall be
10 allowed a credit against the tax imposed by Section 2355 of this
11 title for:

12 1. Investment in qualified depreciable property placed in
13 service during those years for use in a manufacturing operation, as
14 defined in Section 1352 of this title, which has received a
15 manufacturer exemption permit pursuant to the provisions of Section
16 1359.2 of this title or a qualified aircraft maintenance or
17 manufacturing facility as defined in paragraph ~~14~~ 16 of Section 1357
18 of this title in this state or a qualified web search portal as
19 defined in paragraph ~~35~~ 38 of Section 1357 of this title; or

20 2. A net increase in the number of full-time-equivalent
21 employees engaged in manufacturing, processing or aircraft
22 maintenance in this state including employees engaged in support
23 services.

24

1 B. Except as otherwise provided in subsection F of Section 3658
2 of this title and in subsection J of this section, for taxable years
3 beginning after December 31, 1998, there shall be allowed a credit
4 against the tax imposed by Section 2355 of this title for:

5 1. Investment in qualified depreciable property with a total
6 cost equal to or greater than Forty Million Dollars (\$40,000,000.00)
7 within three (3) years from the date of initial qualifying
8 expenditure and placed in service in this state during those years
9 for use in the manufacture of products described by any Industry
10 Number contained in Division D of Part I of the Standard Industrial
11 Classification (SIC) Manual, latest revision; or

12 2. A net increase in the number of full-time-equivalent
13 employees in this state engaged in the manufacture of any goods
14 identified by any Industry Number contained in Division D of Part I
15 of the Standard Industrial Classification (SIC) Manual, latest
16 revision, if the total cost of qualified depreciable property placed
17 in service by the business entity within the state equals or exceeds
18 Forty Million Dollars (\$40,000,000.00) within three (3) years from
19 the date of initial qualifying expenditure.

20 C. The business entity may claim the credit authorized by
21 subsection B of this section for expenditures incurred or for a net
22 increase in the number of full-time-equivalent employees after the
23 business entity provides proof satisfactory to the Oklahoma Tax
24

1 Commission that the conditions imposed pursuant to paragraph 1 or
2 paragraph 2 of subsection B of this section have been satisfied.

3 D. If a business entity fails to expend the amount required by
4 paragraph 1 or paragraph 2 of subsection B of this section within
5 the time required, the business entity may not claim the credit
6 authorized by subsection B of this section, but shall be allowed to
7 claim a credit pursuant to subsection A of this section if the
8 requirements of subsection A of this section are met with respect to
9 the investment in qualified depreciable property or net increase in
10 the number of full-time-equivalent employees.

11 E. The credit provided for in subsection A of this section, if
12 based upon investment in qualified depreciable property, shall not
13 be allowed unless the investment in qualified depreciable property
14 is at least Fifty Thousand Dollars (\$50,000.00). The credit
15 provided for in subsection A or B of this section shall not be
16 allowed if the applicable investment is the direct cause of a
17 decrease in the number of full-time-equivalent employees. Qualified
18 property shall be limited to machinery, fixtures, equipment,
19 buildings or substantial improvements thereto, placed in service in
20 this state during the taxable year. The taxable years for which the
21 credit may be allowed if based upon investment in qualified
22 depreciable property shall be measured from the year in which the
23 qualified property is placed in service. If the credit provided for
24 in subsection A or B of this section is calculated on the basis of

1 the cost of the qualified property, the credit shall be allowed in
2 each of the four (4) subsequent years. If the qualified property on
3 which a credit has previously been allowed is acquired from a
4 related party, the date such property is placed in service by the
5 transferor shall be considered to be the date such property is
6 placed in service by the transferee, for purposes of determining the
7 aggregate number of years for which credit may be allowed.

8 F. The credit provided for in subsection A or B of this
9 section, if based upon an increase in the number of full-time-
10 equivalent employees, shall be allowed in each of the four (4)
11 subsequent years only if the level of new employees is maintained in
12 the subsequent year. In calculating the credit by the number of new
13 employees, only those employees whose paid wages or salary were at
14 least Seven Thousand Dollars (\$7,000.00) during each year the credit
15 is claimed shall be included in the calculation. Provided, that the
16 first year a credit is claimed for a new employee, such employee may
17 be included in the calculation notwithstanding paid wages of less
18 than Seven Thousand Dollars (\$7,000.00) if the employee was hired in
19 the last three quarters of the tax year, has wages or salary which
20 will result in annual paid wages in excess of Seven Thousand Dollars
21 (\$7,000.00) and the taxpayer submits an affidavit stating that the
22 employee's position will be retained in the following tax year and
23 will result in the payment of wages in excess of Seven Thousand
24 Dollars (\$7,000.00). The number of new employees shall be

1 determined by comparing the monthly average number of full-time
2 employees subject to Oklahoma income tax withholding for the final
3 quarter of the taxable year with the corresponding period of the
4 prior taxable year, as substantiated by such reports as may be
5 required by the Tax Commission.

6 G. The credit allowed by subsection A of this section shall be
7 the greater amount of either:

8 1. One percent (1%) of the cost of the qualified property in
9 the year the property is placed in service; or

10 2. Five Hundred Dollars (\$500.00) for each new employee. No
11 credit shall be allowed in any taxable year for a net increase in
12 the number of full-time-equivalent employees if such increase is a
13 result of an investment in qualified depreciable property for which
14 an income tax credit has been allowed as authorized by this section.

15 H. The credit allowed by subsection B of this section shall be
16 the greater amount of either:

17 1. Two percent (2%) of the cost of the qualified property in
18 the year the property is placed in service; or

19 2. One Thousand Dollars (\$1,000.00) for each new employee.

20 No credit shall be allowed in any taxable year for a net
21 increase in the number of full-time-equivalent employees if such
22 increase is a result of an investment in qualified depreciable
23 property for which an income tax credit has been allowed as
24 authorized by this section.

1 I. Except as provided by subsection G of Section 3658 of this
2 title, any credits allowed but not used in any taxable year may be
3 carried over in order as follows:

4 1. To each of the four (4) years following the year of
5 qualification;

6 2. To the extent not used in those years in order to each of
7 the fifteen (15) years following the initial five-year period; and

8 3. If a C corporation that otherwise qualified for the credits
9 under subsection A of this section subsequently changes its
10 operating status to that of a pass-through entity which is being
11 treated as the same entity for federal tax purposes, the credits
12 will continue to be available as if the pass-through entity had
13 originally qualified for the credits subject to the limitations of
14 this section.

15 To the extent not used in paragraphs 1 and 2 of this subsection,
16 such credits from qualified depreciable property placed in service
17 on or after January 1, 2000, may be utilized in any subsequent tax
18 years after the initial twenty-year period.

19 J. No credit otherwise authorized by the provisions of this
20 section may be claimed for any event, transaction, investment,
21 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
22 for which the credit would otherwise be allowable ~~until the~~
23 ~~provisions of this subsection shall cease to be operative on July 1,~~
24 ~~2012. Beginning July 1, 2012, the credit authorized by this section~~

1 ~~may be claimed for any event, transaction, investment, expenditure~~
2 ~~or other act occurring on or after July 1, 2010, according to the~~
3 ~~provisions of this section; provided, credits accrued during the~~
4 ~~period from July 1, 2010, through June 30, 2012, shall be limited to~~
5 ~~a period of two (2) taxable years. The credit shall be limited in~~
6 ~~each taxable year to fifty percent (50%) of the total amount of the~~
7 ~~accrued credit. Any tax credits which accrue during the period of~~
8 ~~July 1, 2010, through June 30, 2012, may not be claimed for any~~
9 ~~period prior to the taxable year beginning January 1, 2012. No~~
10 ~~credits which accrue during the period of July 1, 2010, through June~~
11 ~~30, 2012, may be used to file an amended tax return for any taxable~~
12 ~~year prior to the taxable year beginning January 1, 2012.~~

13 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.11, as
14 amended by Section 1, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2014,
15 Section 2357.11), is amended to read as follows:

16 Section 2357.11 A. For purposes of this section, the term
17 "person" means any legal business entity including limited and
18 general partnerships, corporations, sole proprietorships, and
19 limited liability companies, but does not include individuals.

20 B. 1. Except as provided in subsection M of this section, for
21 tax years beginning on or after January 1, 1993, and ending on or
22 before December 31, 2021, there shall be allowed a credit against
23 the tax imposed by Section 1803 or Section 2355 of this title or
24 Section 624 or 628 of Title 36 of the Oklahoma Statutes for every

1 person in this state furnishing water, heat, light or power to the
2 state or its citizens, or for every person in this state burning
3 coal to generate heat, light or power for use in manufacturing
4 operations located in this state.

5 2. For tax years beginning on or after January 1, 1993, and
6 ending on or before December 31, 2005, and for the period of January
7 1, 2006, through June 30, 2006, the credit shall be in the amount of
8 Two Dollars (\$2.00) per ton for each ton of Oklahoma-mined coal
9 purchased by such person.

10 3. For the period of July 1, 2006 through December 31, 2006,
11 and for tax years beginning on or after January 1, 2007, and ending
12 on or before December 31, 2021, the credit shall be in the amount of
13 Two Dollars and eighty-five cents (\$2.85) per ton for each ton of
14 Oklahoma-mined coal purchased by such person.

15 4. In addition to the credit allowed pursuant to the provisions
16 of paragraph 3 of this subsection, for the period of July 1, 2006,
17 through December 31, 2006, and except as provided in subsection M of
18 this section, for tax years beginning on or after January 1, 2007,
19 and ending on or before December 31, 2021, there shall be allowed a
20 credit in the amount of Two Dollars and fifteen cents (\$2.15) per
21 ton for each ton of Oklahoma-mined coal purchased by such person.
22 The credit allowed pursuant to the provisions of this paragraph may
23 not be claimed or transferred prior to January 1, 2008.

24

1 C. For tax years beginning on or after January 1, 1995, and
2 ending on or before December 31, 2005, and for the period beginning
3 January 1, 2006, through June 30, 2006, there shall be allowed, in
4 addition to the credits allowed pursuant to subsection B of this
5 section, a credit against the tax imposed by Section 1803 or Section
6 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
7 Statutes for every person in this state which:

8 1. Furnishes water, heat, light or power to the state or its
9 citizens, or burns coal to generate heat, light or power for use in
10 manufacturing operations located in this state; and

11 2. Purchases at least seven hundred fifty thousand (750,000)
12 tons of Oklahoma-mined coal in the tax year.

13 The additional credit allowed pursuant to this subsection shall
14 be in the amount of Three Dollars (\$3.00) per ton for each ton of
15 Oklahoma-mined coal purchased by such person.

16 D. Except as otherwise provided in subsection E of this section
17 and in subsection M of this section, for tax years beginning on or
18 after January 1, 2001, and ending on or before December 31, 2021,
19 there shall be allowed a credit against the tax imposed by Section
20 1803 or Section 2355 of this title or Section 624 or 628 of Title 36
21 of the Oklahoma Statutes for every person in this state primarily
22 engaged in mining, producing or extracting coal, and holding a valid
23 permit issued by the Oklahoma Department of Mines. For tax years
24 beginning on or after January 1, 2001, and ending on or before

1 December 31, 2005, and for the period beginning January 1, 2006,
2 through June 30, 2006, the credit shall be in the amount of ninety-
3 five cents (\$0.95) per ton and for the period of July 1, 2006,
4 through December 31, 2006, and for tax years beginning on or after
5 January 1, 2007, the credit shall be in the amount of Five Dollars
6 (\$5.00) for each ton of coal mined, produced or extracted in on,
7 under or through a permit in this state by such person.

8 E. In addition to the credit allowed pursuant to the provisions
9 of subsection D of this section and except as otherwise provided in
10 subsection F of this section, for tax years beginning on or after
11 January 1, 2001, and ending on or before December 31, 2005, and for
12 the period of January 1, 2006, through June 30, 2006, there shall be
13 allowed a credit against the tax imposed by Section 1803 or Section
14 2355 of this title or Section 624 or 628 of Title 36 of the Oklahoma
15 Statutes for every person in this state primarily engaged in mining,
16 producing or extracting coal, and holding a valid permit issued by
17 the Oklahoma Department of Mines in the amount of ninety-five cents
18 (\$0.95) per ton for each ton of coal mined, produced or extracted
19 from thin seams in this state by such person; provided, the credit
20 shall not apply to such coal sold to any consumer who purchases at
21 least seven hundred fifty thousand (750,000) tons of Oklahoma-mined
22 coal per year.

23 F. In addition to the credit allowed pursuant to the provisions
24 of subsection D of this section and except as otherwise provided in

1 subsection G of this section, for tax years beginning on or after
2 January 1, 2005, and ending on or before December 31, 2005, and for
3 the period of January 1, 2006, through June 30, 2006, there shall be
4 allowed a credit against the tax imposed by Section 1803 or Section
5 2355 of this title or that portion of the tax imposed by Section 624
6 or 628 of Title 36 of the Oklahoma Statutes, which is actually paid
7 to and placed into the General Revenue Fund, in the amount of
8 ninety-five cents (\$0.95) per ton for each ton of coal mined,
9 produced or extracted from thin seams in this state by such person
10 on or after July 1, 2005.

11 G. The credits provided in subsections D and E of this section
12 shall not be allowed for coal mined, produced or extracted in any
13 month in which the average price of coal is Sixty-eight Dollars
14 (\$68.00) or more per ton, excluding freight charges, as determined
15 by the Tax Commission.

16 H. The additional credits allowed pursuant to subsections B, C,
17 D and E of this section but not used shall be freely transferable
18 after January 1, 2002, but not later than December 31, 2013, by
19 written agreement to subsequent transferees at any time during the
20 five (5) years following the year of qualification; provided, the
21 additional credits allowed pursuant to the provisions of paragraph 4
22 of subsection B of this section but not used shall be freely
23 transferable after January 1, 2008, but not later than December 31,
24 2013, by written agreement to subsequent transferees at any time

1 during the five (5) years following the year of qualification. An
2 eligible transferee shall be any taxpayer subject to the tax imposed
3 by Section 1803 or Section 2355 of this title or Section 624 or 628
4 of Title 36 of the Oklahoma Statutes. The person originally allowed
5 the credit and the subsequent transferee shall jointly file a copy
6 of the written credit transfer agreement with the Tax Commission
7 within thirty (30) days of the transfer. The written agreement
8 shall contain the name, address and taxpayer identification number
9 of the parties to the transfer, the amount of credit being
10 transferred, the year the credit was originally allowed to the
11 transferring person and the tax year or years for which the credit
12 may be claimed. The Tax Commission may promulgate rules to permit
13 verification of the validity and timeliness of a tax credit claimed
14 upon a tax return pursuant to this subsection but shall not
15 promulgate any rules which unduly restrict or hinder the transfers
16 of such tax credit.

17 I. The additional credit allowed pursuant to subsection F of
18 this section but not used shall be freely transferable on or after
19 July 1, 2006, but not later than December 31, 2013, by written
20 agreement to subsequent transferees at any time during the five (5)
21 years following the year of qualification. An eligible transferee
22 shall be any taxpayer subject to the tax imposed by Section 1803 or
23 Section 2355 of this title or Section 624 or 628 of Title 36 of the
24 Oklahoma Statutes. The person originally allowed the credit and the

1 subsequent transferee shall jointly file a copy of the written
2 credit transfer agreement with the Tax Commission within thirty (30)
3 days of the transfer. The written agreement shall contain the name,
4 address and taxpayer identification number of the parties to the
5 transfer, the amount of credit being transferred, the year the
6 credit was originally allowed to the transferring person and the tax
7 year or years for which the credit may be claimed. The Tax
8 Commission may promulgate rules to permit verification of the
9 validity and timeliness of a tax credit claimed upon a tax return
10 pursuant to this subsection but shall not promulgate any rules which
11 unduly restrict or hinder the transfers of such tax credit.

12 J. Any person receiving tax credits pursuant to the provisions
13 of this section shall apply the credits against taxes payable or,
14 subject to the limitation that credits earned after December 31,
15 2013, shall not be transferred, shall transfer the credits as
16 provided in this section or, for credits earned on or after January
17 1, 2014, shall receive a refund pursuant to the provisions of
18 subsection L of this section. Credits shall not be used to lower
19 the price of any Oklahoma-mined coal sold that is produced by a
20 subsidiary of the person receiving a tax credit under this section
21 to other buyers of the Oklahoma-mined coal.

22 K. Except as provided by paragraph 2 of subsection L of this
23 section, the credits allowed by subsections B, C, D, E and F of this
24 section, upon election of the taxpayer, shall be treated and may be

1 claimed as a payment of tax, a prepayment of tax or a payment of
2 estimated tax for purposes of Section 1803 or 2355 of this title or
3 Section 624 or 628 of Title 36 of the Oklahoma Statutes.

4 L. 1. With respect to credits allowed pursuant to the
5 provisions of subsections B, C, D, E and F of this section earned
6 prior to January 1, 2014, but not used in any tax year may be
7 carried over in order to each of the five (5) years following the
8 year of qualification.

9 2. With respect to credits allowed pursuant to the provisions
10 of subsections B, C, D, E and F of this section which are earned but
11 not used, based upon activity occurring on or after January 1, 2014,
12 the Oklahoma Tax Commission shall, at the taxpayer's election,
13 refund directly to the taxpayer eighty-five percent (85%) of the
14 face amount of such credits. The direct refund of the credits
15 pursuant to this paragraph shall be available to all taxpayers,
16 including, without limitation, pass-through entities and taxpayers
17 subject to Section 2355 of this title. The amount of any direct
18 refund of credits actually received at the eighty-five percent (85%)
19 level by the taxpayer pursuant to this paragraph shall not be
20 subject to the tax imposed by Section 2355 of this title. If the
21 pass-through entity does not file a claim for a direct refund, the
22 pass-through entity shall allocate the credit to one or more of the
23 shareholders, partners or members of the pass-through entity;
24 provided, the total of all credits refunded or allocated shall not

1 exceed the amount of the credit or refund to which the pass-through
2 entity is entitled. For the purposes of this paragraph, "pass-
3 through entity" means a corporation that for the applicable tax year
4 is treated as an S corporation under the Internal Revenue Code of
5 1986, as amended, general partnership, limited partnership, limited
6 liability partnership, trust or limited liability company that for
7 the applicable tax year is not taxed as a corporation for federal
8 income tax purposes.

9 M. No credit otherwise authorized by the provisions of this
10 section may be claimed for any event, transaction, investment,
11 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
12 for which the credit would otherwise be allowable. ~~The provisions~~
13 ~~of this subsection shall cease to be operative on July 1, 2012.~~
14 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
15 ~~claimed for any event, transaction, investment, expenditure or other~~
16 ~~act occurring on or after July 1, 2012, according to the provisions~~
17 ~~of this section.~~

18 SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.22, as
19 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
20 2014, Section 2357.22), is amended to read as follows:

21 Section 2357.22 A. For tax years beginning before January 1,
22 2020, there shall be allowed a one-time credit against the income
23 tax imposed by Section 2355 of this title for investments in
24

1 qualified clean-burning motor vehicle fuel property placed in
2 service after December 31, 1990.

3 B. As used in this section, "qualified clean-burning motor
4 vehicle fuel property" means:

5 1. Equipment installed to modify a motor vehicle which is
6 propelled by gasoline or diesel fuel so that the vehicle may be
7 propelled by a hydrogen fuel cell, compressed natural gas, liquefied
8 natural gas or liquefied petroleum gas; provided, equipment
9 installed on a vehicle propelled by a hydrogen fuel cell shall only
10 be eligible for tax year 2010. The equipment covered by this
11 paragraph must:

12 a. be new, not previously used to modify or retrofit any
13 vehicle propelled by gasoline or diesel fuel and be
14 installed by an alternative fuels equipment technician
15 who is certified in accordance with the Alternative
16 Fuels Technician Certification Act,

17 b. meet all Federal Motor Vehicle Safety Standards set
18 forth in 49 CFR 571, or

19 c. for any commercial motor vehicle (CMV), follow the
20 Federal Motor Carrier Safety Regulations or Oklahoma
21 Intrastate Motor Carrier Regulations;

22 2. A motor vehicle originally equipped so that the vehicle may
23 be propelled by a hydrogen fuel cell, compressed natural gas,
24 liquefied natural gas or liquefied petroleum gas but only to the

1 extent of the portion of the basis of such motor vehicle which is
2 attributable to the storage of such fuel, the delivery to the engine
3 of such motor vehicle of such fuel, and the exhaust of gases from
4 combustion of such fuel. A motor vehicle originally equipped so
5 that the vehicle may be propelled by a hydrogen fuel cell shall only
6 be eligible for tax year 2010;

7 3. Property, not including a building and its structural
8 components, which is:

- 9 a. directly related to the delivery of compressed natural
10 gas, liquefied natural gas or liquefied petroleum gas,
11 or hydrogen, for commercial purposes or for a fee or
12 charge, into the fuel tank of a motor vehicle
13 propelled by such fuel including compression equipment
14 and storage tanks for such fuel at the point where
15 such fuel is so delivered but only if such property is
16 not used to deliver such fuel into any other type of
17 storage tank or receptacle and such fuel is not used
18 for any purpose other than to propel a motor vehicle,
19 or
- 20 b. a metered-for-fee, public access recharging system for
21 motor vehicles propelled in whole or in part by
22 electricity. The property covered by this paragraph
23 must be new, and must not have been previously
24 installed or used to refuel vehicles powered by

1 compressed natural gas, liquefied natural gas or
2 liquefied petroleum gas, hydrogen or electricity.

3 Any property covered by this paragraph which is related to the
4 delivery of hydrogen into the fuel tank of a motor vehicle shall
5 only be eligible for tax year 2010; or

6 4. Property which is directly related to the compression and
7 delivery of natural gas from a private home or residence, for
8 noncommercial purposes, into the fuel tank of a motor vehicle
9 propelled by compressed natural gas. The property covered by this
10 paragraph must be new and must not have been previously installed or
11 used to refuel vehicles powered by natural gas.

12 C. As used in this section, "motor vehicle" means a motor
13 vehicle originally designed by the manufacturer to operate lawfully
14 and principally on streets and highways.

15 D. The credit provided for in subsection A of this section
16 shall be as follows:

17 1. After the effective date of this act, for the qualified
18 clean-burning motor vehicle fuel property defined in paragraph 1 or
19 2 of subsection B of this section, forty-five percent (45%) of the
20 cost of the qualified clean-burning motor vehicle fuel property;

21 2. For qualified clean-burning motor vehicle fuel property
22 defined in paragraph 3 of subsection B of this section, a per-
23 location credit of seventy-five percent (75%) of the cost of the
24 qualified clean-burning motor vehicle fuel property; and

1 3. For qualified clean-burning motor vehicle fuel property
2 defined in paragraph 4 of subsection B of this section, a per-
3 location credit of the lesser of fifty percent (50%) of the cost of
4 the qualified clean-burning motor vehicle fuel property or Two
5 Thousand Five Hundred Dollars (\$2,500.00).

6 E. In cases where no credit has been claimed pursuant to
7 paragraph 1 of subsection D of this section by any prior owner and
8 in which a motor vehicle is purchased by a taxpayer with qualified
9 clean-burning motor vehicle fuel property installed by the
10 manufacturer of such motor vehicle and the taxpayer is unable or
11 elects not to determine the exact basis which is attributable to
12 such property, the taxpayer may claim a credit in an amount not
13 exceeding the lesser of ten percent (10%) of the cost of the motor
14 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

15 F. If the tax credit allowed pursuant to subsection A of this
16 section exceeds the amount of income taxes due or if there are no
17 state income taxes due on the income of the taxpayer, the amount of
18 the credit not used as an offset against the income taxes of a
19 taxable year may be carried forward as a credit against subsequent
20 income tax liability for a period not to exceed five (5) years.

21 G. A husband and wife who file separate returns for a taxable
22 year in which they could have filed a joint return may each claim
23 only one-half (1/2) of the tax credit that would have been allowed
24 for a joint return.

1 H. The Oklahoma Tax Commission is herein empowered to
2 promulgate rules by which the purpose of this section shall be
3 administered, including the power to establish and enforce penalties
4 for violations thereof.

5 I. Notwithstanding the provisions of Section 2352 of this
6 title, for the fiscal year beginning on July 1, 2014, and each
7 fiscal year thereafter, the Tax Commission shall calculate an amount
8 that equals five percent (5%) of the cost of qualified clean-burning
9 motor vehicle fuel property as provided for in paragraph 1 of
10 subsection D of this section for tax year 2012. For each subsequent
11 fiscal year thereafter, the Tax Commission shall perform the same
12 computation with respect to the second tax year preceding the
13 beginning of each subsequent fiscal year. The Tax Commission shall
14 then transfer an amount equal to the amount calculated in this
15 subsection from the revenue derived pursuant to the provisions of
16 subsections A, B and E of Section 2355 of this title to the
17 Compressed Natural Gas Conversion Safety and Regulation Fund created
18 in Section ~~13~~ 130.25 of ~~this act~~ Title 74 of the Oklahoma Statutes.

19 J. No credit otherwise authorized by the provisions of this
20 section may be claimed for any event, transaction, investment,
21 expenditure or other act occurring on or after July 1, 2018, for
22 which the credit would otherwise be allowable.

23 SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.25, is
24 amended to read as follows:

1 Section 2357.25 A. Except as provided in subsection K of this
2 section, there shall be allowed a credit against the tax imposed by
3 Section 2355 of this title for direct investments by Oklahoma
4 agricultural producers in Oklahoma producer-owned agricultural
5 processing cooperatives, Oklahoma producer-owned agricultural
6 processing ventures, or Oklahoma producer-owned agricultural
7 processing marketing associations or Oklahoma-owned and -based
8 corporations or partnerships created and designed to develop and
9 advance the production, processing, handling and marketing of
10 agricultural commodities grown, made or manufactured in Oklahoma.
11 For calendar years 1997 and 1998, the amount of the credit shall be
12 thirty percent (30%) of the amount of the investment by the Oklahoma
13 agricultural producer in Oklahoma producer-owned agricultural
14 processing cooperatives, ventures, or marketing associations.

15 B. For calendar year 2006, and all subsequent years, the credit
16 percentage, not to exceed thirty percent (30%), shall be adjusted
17 annually so that the total estimate of credits does not exceed Two
18 Million Dollars (\$2,000,000.00) annually. The formula to be used
19 for the percentage adjustment shall be thirty percent (30%) times
20 Two Million Dollars (\$2,000,000.00) divided by the credits claimed
21 in the preceding year. In no event shall the credit be claimed more
22 than once by a taxpayer each taxable year.

23 C. In the event the total tax credits authorized by this
24 section exceed Two Million Dollars (\$2,000,000.00) in any calendar

1 year, the Oklahoma Tax Commission shall permit any excess over Two
2 Million Dollars (\$2,000,000.00) but shall factor such excess into
3 the percentage adjustment formula for subsequent years.

4 D. The credits authorized by this act may only be claimed for
5 taxable years beginning after December 31, 2006, and ending before
6 January 1, 2010. The provisions of this subsection shall not be
7 applicable to any credits earned, but not utilized, prior to the
8 effective date of this act.

9 E. If the credit allowed pursuant to this section exceeds the
10 amount of state income taxes due or if there are no state income
11 taxes due on the income of the taxpayer, the amount of credit
12 allowed but not used in any taxable year may be carried forward as a
13 credit against subsequent income tax liability for a period not
14 exceeding six (6) years following the year in which the investment
15 was originally made.

16 F. The Oklahoma Tax Commission shall have the authority to
17 prescribe forms for purposes of claiming the credit authorized by
18 this section. The Oklahoma Tax Commission shall be authorized to
19 conduct an investigation of the relevant facts as may be required in
20 order to verify the eligibility of a claimant to receive a credit
21 for any applicable income tax year.

22 G. 1. For any taxable year during which a taxpayer sells or
23 otherwise disposes of the ownership interest for which a tax credit
24 has previously been allowed to the taxpayer or for which a tax

1 credit will be allowed to the taxpayer for the year in which the
2 sale or other disposition of the ownership interest is made, the
3 taxpayer shall be required to reduce the cost of the ownership
4 interest in the Oklahoma producer-owned agricultural processing
5 cooperative, venture, or marketing association, as reported upon the
6 applicable income tax return, by the amount of the tax credit which
7 has previously been granted or for which the taxpayer is claiming
8 credit if the credit is allowable for the year during which the sale
9 or other disposition is made.

10 2. If a taxpayer sells or otherwise disposes of an ownership
11 interest in the Oklahoma producer-owned agricultural processing
12 cooperative, venture, or marketing association for which the tax
13 credit authorized by this section may be taken in a taxable year
14 following the year in which the ownership interest in the Oklahoma
15 producer-owned agricultural processing cooperative, venture, or
16 marketing association is sold or otherwise disposed of, the credit
17 authorized by this section shall be reduced to account for the prior
18 sale or other disposition.

19 H. The tax credit authorized by this section shall not be
20 available or taken for any calendar year during which the claimant
21 of the credit received any incentive payments pursuant to the
22 Oklahoma Quality Jobs Program Act or the Saving Quality Jobs Act.

23 I. As used in this section:
24

1 1. "Direct investment" means the payment of money in an
2 Oklahoma producer-owned agricultural processing cooperative,
3 venture, or marketing association or the transfer of any form of
4 economic value, whether tangible or intangible, other than money;

5 2. "Oklahoma producer-owned agricultural processing
6 cooperative" means a legal entity in the nature of a partnership or
7 business undertaking agricultural transactions or agricultural
8 commercial enterprises for mutual profit which are owned and
9 controlled by Oklahoma agricultural producers. An Oklahoma
10 producer-owned agricultural processing cooperative requires a
11 community of interest in the performance of the undertaking,
12 transaction or enterprise, a right to direct and govern the policy
13 in connection therewith and the duty, which may be altered by
14 agreement, to share both in profit and losses. The term does not
15 include a cooperative that provides only, and nothing more than,
16 storage, cleaning, or transportation of agricultural commodities;

17 3. "Oklahoma producer-owned agricultural processing venture"
18 means a legal entity in the nature of a corporation or company
19 organized to invest in or operate an agricultural commodity
20 processing facility operated primarily for the processing or
21 production of marketable products from agricultural commodities.
22 The term shall include a dairy operation that requires a depreciable
23 investment of at least Two Hundred Fifty Thousand Dollars
24 (\$250,000.00) and which produces milk from dairy cows. The term

1 does not include a venture that provides only, and nothing more
2 than, storage, cleaning, or transportation of agricultural
3 commodities;

4 4. "Oklahoma producer-owned agricultural processing marketing
5 association" means:

6 a. a legal entity owned by Oklahoma producers of
7 agricultural commodities and organized to jointly
8 market agricultural commodities and/or natural-
9 resource-based recreational activities, facilitate the
10 marketing process and to promote and stimulate the
11 processing, sales, and marketing of agricultural
12 commodities, or

13 b. a legal entity owned by Oklahoma producers of
14 agricultural commodities and organized for collective
15 marketing and improvement of land for natural-
16 resource-based recreational activity;

17 The term does not include a marketing association that provides
18 only, and nothing more than, storage, cleaning, or transportation of
19 agricultural commodities;

20 5. "Oklahoma agricultural producer" means any person who
21 produces agricultural commodities in this state;

22 6. "Oklahoma-based corporation or partnership" means an entity
23 created pursuant to the Oklahoma General Corporation Act or other
24 laws of the state authorizing either a corporate entity or an entity

1 with limited liability or any form of partnership, whether general,
2 limited or other authorized partnership form having either its
3 principal place of business within the state or substantial assets
4 located within the state. For the purpose of this section, the
5 definition contained in this paragraph shall not include an
6 Oklahoma-based corporation or partnership that engages only in and
7 nothing more than the storage, cleaning, and transportation or
8 production of its commodity;

9 7. "Agricultural commodities" means a farm or ranch product,
10 including but not limited to, wheat, corn, soybeans, cotton, timber,
11 cattle, hogs, sheep, horses, poultry, animals of the families
12 bovidae, cervidae and antilocapridae or birds of the ratite group
13 produced in farming or ranching operations or a product of such crop
14 or livestock in its unmanufactured state such as ginned cotton,
15 wool-dip, maple syrup, milk and eggs, or any other commodity listed
16 under any Industry Group Number under Major Group 20 of Division D
17 of the Standard Industrial Classification (SIC) Manual; and

18 8. "Dairy operation" means and includes equipment and
19 facilities to store and prepare feed, dairy cows, milking parlors,
20 bulk cooling tanks, buildings, and all such depreciable investment
21 commonly utilized in the dairy industry.

22 J. For purposes of this section, an agricultural commodity
23 shall be deemed to be produced within this state if it is

24

1 substantially produced, by any person, partnership, company,
2 association or corporation:

3 1. Authorized to do and doing business under the laws of this
4 state;

5 2. Paying all taxes duly assessed; and

6 3. Domiciled within this state by having a location of
7 production within this state.

8 K. No credit otherwise authorized by the provisions of this
9 section may be claimed for any event, transaction, investment,
10 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
11 for which the credit would otherwise be allowable. ~~The provisions~~
12 ~~of this subsection shall cease to be operative on July 1, 2012.~~
13 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
14 ~~claimed for any event, transaction, investment, expenditure or other~~
15 ~~act occurring on or after July 1, 2012, according to the provisions~~
16 ~~of this section.~~

17 SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.27, as
18 amended by Section 1, Chapter 33, O.S.L. 2014 (68 O.S. Supp. 2014,
19 Section 2357.27), is amended to read as follows:

20 Section 2357.27 A. Except as otherwise provided by subsection
21 E of this section, for tax years beginning after December 31, 1998,
22 and ending before January 1, 2017, there shall be allowed a credit
23 against the tax imposed by Section 2355 of this title for eligible
24

1 expenses incurred by entities primarily engaged in the business of
2 providing child care services.

3 B. As used in this section, "eligible expenses" means amounts
4 paid by an entity primarily engaged in the business of providing
5 child care services for expenses incurred by the entity to comply
6 with the standards promulgated by a national accrediting association
7 recognized by the Department of Human Services and which would not
8 have been incurred by the entity to comply with the Oklahoma Child
9 Care Facilities Licensing Act.

10 C. The credit allowed by subsection A of this section shall be
11 twenty percent (20%) of the amount of eligible expenses. Such
12 credit shall not be allowed for any amounts for which the entity
13 claims or receives an income tax credit, exemption or deduction.

14 D. Any credits allowed but not used in any tax year may be
15 carried over in order to each of the four (4) tax years following
16 the year of qualification.

17 E. No credit otherwise authorized by the provisions of this
18 section may be claimed for any event, transaction, investment,
19 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
20 for which the credit would otherwise be allowable. ~~The provisions~~
21 ~~of this subsection shall cease to be operative on July 1, 2012.~~
22 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
23 ~~claimed for any event, transaction, investment, expenditure or other~~

24

1 ~~act occurring on or after July 1, 2012, according to the provisions~~
2 ~~of this section.~~

3 SECTION 7. AMENDATORY 68 O.S. 2011, Section 2357.32A, as
4 amended by Section 2, Chapter 371, O.S.L. 2013 (68 O.S. Supp. 2014,
5 Section 2357.32A), is amended to read as follows:

6 Section 2357.32A A. Except as otherwise provided in subsection
7 H of this section, for tax years beginning on or after January 1,
8 2003, there shall be allowed a credit against the tax imposed by
9 Section 2355 of this title to a taxpayer for the taxpayer's
10 production and sale to an unrelated person of electricity generated
11 by zero-emission facilities located in this state. As used in this
12 section:

13 1. "Electricity generated by zero-emission facilities" means
14 electricity that is exclusively produced by any facility located in
15 this state with a rated production capacity of one megawatt (1 mw)
16 or greater, constructed for the generation of electricity and placed
17 in operation after June 4, 2001, which utilizes eligible renewable
18 resources as its fuel source. The construction and operation of
19 such facilities shall result in no pollution or emissions that are
20 or may be harmful to the environment, pursuant to a determination by
21 the Department of Environmental Quality; and

22 2. "Eligible renewable resources" means resources derived from:
23 a. wind,
24 b. moving water,

1 c. sun, or

2 d. geothermal energy.

3 B. For facilities placed in operation on or after January 1,
4 2003, and before January 1, 2007, the amount of the credit for the
5 electricity generated on or after January 1, 2003, but prior to
6 January 1, 2004, shall be seventy-five one-hundredths of one cent
7 (\$0.0075) for each kilowatt-hour of electricity generated by zero-
8 emission facilities. For electricity generated on or after January
9 1, 2004, but prior to January 1, 2007, the amount of the credit
10 shall be fifty one-hundredths of one cent (\$0.0050) per kilowatt-
11 hour for electricity generated by zero-emission facilities. For
12 electricity generated on or after January 1, 2007, but prior to
13 January 1, 2012, the amount of the credit shall be twenty-five one-
14 hundredths of one cent (\$0.0025) per kilowatt-hour of electricity
15 generated by zero-emission facilities. For facilities placed in
16 operation on or after January 1, 2007, and before January 1, 2021,
17 the amount of the credit for the electricity generated on or after
18 January 1, 2007, shall be fifty one-hundredths of one cent (\$0.0050)
19 for each kilowatt-hour of electricity generated by zero-emission
20 facilities.

21 C. Credits may be claimed with respect to electricity generated
22 on or after January 1, 2003, during a ten-year period following the
23 date that the facility is placed in operation on or after June 4,
24 2001.

1 D. 1. For credits generated prior to January 1, 2014, if the
2 credit allowed pursuant to this section exceeds the amount of income
3 taxes due or if there are no state income taxes due on the income of
4 the taxpayer, the amount of the credit allowed but not used in any
5 tax year may be carried forward as a credit against subsequent
6 income tax liability for a period not exceeding ten (10) years.

7 2. For credits generated, but not used, on or after January 1,
8 2014, the Oklahoma Tax Commission shall refund, at the taxpayer's
9 election, directly to the taxpayer eighty-five percent (85%) of the
10 face amount of such credits. The direct refund of the credits
11 pursuant to this paragraph shall be available to all taxpayers,
12 including, without limitation, pass-through entities and taxpayers
13 subject to Section 2355 of this title, but shall not be available to
14 any entities falling within the provisions of subsection E of this
15 section. The amount of any direct refund of credits actually
16 received at the eighty-five percent (85%) level by the taxpayer
17 pursuant to this paragraph shall not be subject to the tax imposed
18 by Section 2355 of this title. If the pass-through entity does not
19 file a claim for a direct refund, the pass-through entity shall
20 allocate the credit to one or more of the shareholders, partners or
21 members of the pass-through entity; provided, the total of all
22 credits refunded or allocated shall not exceed the amount of the
23 credit or refund to which the pass-through entity is entitled. For
24 the purposes of this paragraph, "pass-through entity" means a

1 corporation that for the applicable tax year is treated as an S
2 corporation under the Internal Revenue Code of 1986, as amended,
3 general partnership, limited partnership, limited liability
4 partnership, trust or limited liability company that for the
5 applicable tax year is not taxed as a corporation for federal income
6 tax purposes.

7 E. Any nontaxable entities, including agencies of the State of
8 Oklahoma or political subdivisions thereof, shall be eligible to
9 establish a transferable tax credit in the amount provided in
10 subsection B of this section. Such tax credit shall be a property
11 right available to a state agency or political subdivision of this
12 state to transfer or sell to a taxable entity, whether individual or
13 corporate, who shall have an actual or anticipated income tax
14 liability under Section 2355 of this title. These tax credit
15 provisions are authorized as an incentive to the State of Oklahoma,
16 its agencies and political subdivisions to encourage the expenditure
17 of funds in the development, construction and utilization of
18 electricity from zero-emission facilities as defined in subsection A
19 of this section.

20 F. For credits generated prior to January 1, 2014, the amount
21 of the credit allowed, but not used, shall be freely transferable at
22 any time during the ten (10) years following the year of
23 qualification. Any person to whom or to which a tax credit is
24 transferred shall have only such rights to claim and use the credit

1 under the terms that would have applied to the entity by whom or by
2 which the tax credit was transferred. The provisions of this
3 subsection shall not limit the ability of a tax credit transferee to
4 reduce the tax liability of the transferee, regardless of the actual
5 tax liability of the tax credit transferor, for the relevant taxable
6 period. The transferor initially allowed the credit and any
7 subsequent transferees shall jointly file a copy of any written
8 transfer agreement with the Oklahoma Tax Commission within thirty
9 (30) days of the transfer. The written agreement shall contain the
10 name, address and taxpayer identification number or social security
11 number of the parties to the transfer, the amount of the credit
12 being transferred, the year the credit was originally allowed to the
13 transferor, and the tax year or years for which the credit may be
14 claimed. The Tax Commission may promulgate rules to permit
15 verification of the validity and timeliness of the tax credit
16 claimed upon a tax return pursuant to this subsection but shall not
17 promulgate any rules that unduly restrict or hinder the transfers of
18 such tax credit. The tax credit allowed by this section, upon the
19 election of the taxpayer, may be claimed as a payment of tax, a
20 prepayment of tax or a payment of estimated tax for purposes of
21 Section 1803 or Section 2355 of this title.

22 G. For electricity generation produced and sold in a calendar
23 year, the tax credit allowed by the provisions of this section, upon
24 election of the taxpayer, shall be treated and may be claimed as a

1 payment of tax, a prepayment of tax or a payment of estimated tax
2 for purposes of Section 2355 of this title on or after July 1 of the
3 following calendar year.

4 H. No credit otherwise authorized by the provisions of this
5 section may be claimed for any event, transaction, investment,
6 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
7 for which the credit would otherwise be allowable ~~until the~~
8 ~~provisions of this subsection shall cease to be operative on July 1,~~
9 ~~2011. Beginning July 1, 2011, the credit authorized by this section~~
10 ~~may be claimed for any event, transaction, investment, expenditure~~
11 ~~or other act occurring on or after July 1, 2010, according to the~~
12 ~~provisions of this section. Any tax credits which accrue during the~~
13 ~~period of July 1, 2010, through June 30, 2011, may not be claimed~~
14 ~~for any period prior to the taxable year beginning January 1, 2012.~~
15 ~~No credits which accrue during the period of July 1, 2010, through~~
16 ~~June 30, 2011, may be used to file an amended tax return for any~~
17 ~~taxable year prior to the taxable year beginning January 1, 2012.~~

18 SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.32B, is
19 amended to read as follows:

20 Section 2357.32B A. Except as otherwise provided by subsection
21 G of this section, for tax years beginning on or after January 1,
22 2003, and ending on or before December 31, 2012, there shall be
23 allowed a credit against the tax imposed by Section 624 or 628 of
24 Title 36 of the Oklahoma Statutes, and actually paid to and placed

1 into the General Revenue Fund, or Section 2370 or 2355 of this title
2 to Oklahoma manufacturers of advanced small wind turbines. As used
3 in this section:

4 1. "Oklahoma manufacturers" means manufacturers who operate
5 facilities located in this state which have the capability to
6 manufacture small wind turbine products, including rotor blade and
7 alternator fabrication; and

8 2. "Advanced small wind turbines" means upwind, furling wind
9 turbines that meet the following requirements:

- 10 a. have a rated capacity of at least one kilowatt (1 kw)
11 but not greater than fifty kilowatts (50 kw),
- 12 b. incorporate advanced technologies such as new
13 airfoils, new generators, and new power electronics,
14 variable speed,
- 15 c. at least one unit of each model has undergone testing
16 at the US-DOE National Wind Technology Center, and
- 17 d. comply with appropriate interconnection safety
18 standards of the Institute of Electrical and
19 Electronics Engineers applicable to small wind
20 turbines.

21 B. The amount of the credit shall be based on the square
22 footage of rotor swept area of advanced small wind turbines
23 manufactured in this state. The amount of the credit shall be
24 Twenty-five Dollars (\$25.00) per square foot produced in calendar

1 year 2003, Twelve Dollars and fifty cents (\$12.50) per square foot
2 produced in calendar year 2004, and Twenty-five Dollars (\$25.00) per
3 square foot produced in calendar years 2005 through 2012.

4 C. The companies claiming the credit allowed by this section
5 shall agree in advance to allow their production and claims to be
6 audited by the Oklahoma Tax Commission and they must be able to show
7 that they have made economic development investments in this state
8 over the period of time for which the credit was claimed that exceed
9 the net proceeds from the amount of credit claimed.

10 D. If the amount of the credits allowed pursuant to this
11 section exceeds the amount of income taxes due or if there are no
12 state income taxes due on the income of the taxpayer, the amount of
13 the credit allowed but not used in any taxable year may be carried
14 forward as a credit against subsequent income tax liability for a
15 period not exceeding ten (10) years.

16 E. The amount of the credit allowed but not used shall be
17 freely transferable at any time during the ten (10) years following
18 the year of qualification. Any person to whom or to which a tax
19 credit is transferred shall have only such rights to claim and use
20 the credit under the terms that would have applied to the entity by
21 whom or by which the tax credit was transferred. The provisions of
22 this subsection shall not limit the ability of a tax credit
23 transferee to reduce the tax liability of the transferee regardless
24 of the actual tax liability of the tax credit transferor for the

1 relevant taxable period. The transferor originally allowed the
2 credit and the subsequent transferee shall jointly file a copy of
3 the written credit transfer agreement with the Tax Commission within
4 thirty (30) days of the transfer. The written agreement shall
5 contain the name, address and taxpayer identification number of the
6 parties to the transfer, the amount of the credit being transferred,
7 the year the credit was originally allowed to the transferor and the
8 tax year or years for which the credit may be claimed. The Tax
9 Commission may promulgate rules to permit verification of the
10 validity and timeliness of a tax credit claimed upon a tax return
11 pursuant to this subsection but shall not promulgate any rules that
12 unduly restrict or hinder the transfers of such tax credit.

13 F. For advanced small wind turbines produced in a calendar
14 year, the tax credit allowed by the provisions of this section, upon
15 election of the taxpayer, shall be treated and may be claimed as a
16 payment of tax, a prepayment of tax or a payment of estimated tax
17 for purposes of Section 624 or 628 of Title 36 of the Oklahoma
18 Statutes, and actually paid to and placed into the General Revenue
19 Fund, or Section 2370 or 2355 of this title on or after July 1 of
20 the following calendar year.

21 G. No credit otherwise authorized by the provisions of this
22 section may be claimed for any event, transaction, investment,
23 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
24 for which the credit would otherwise be allowable. ~~The provisions~~

1 ~~of this subsection shall cease to be operative on July 1, 2012.~~
2 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
3 ~~claimed for any event, transaction, investment, expenditure or other~~
4 ~~act occurring on or after July 1, 2012, according to the provisions~~
5 ~~of this section.~~

6 SECTION 9. AMENDATORY 68 O.S. 2011, Section 2357.41, is
7 amended to read as follows:

8 Section 2357.41 A. Except as otherwise provided by subsection
9 I of this section, for tax years beginning after December 31, 2000,
10 there shall be allowed a credit against the tax imposed by Sections
11 2355 and 2370 of this title or that portion of the tax imposed by
12 Section 624 or 628 of Title 36 of the Oklahoma Statutes that would
13 otherwise have been apportioned to the General Revenue Fund for
14 qualified rehabilitation expenditures incurred in connection with
15 any certified historic hotel or historic newspaper plant building
16 located in an increment or incentive district created pursuant to
17 the Local Development Act or for qualified rehabilitation
18 expenditures incurred after January 1, 2006, in connection with any
19 certified historic structure.

20 B. The amount of the credit shall be one hundred percent (100%)
21 of the federal rehabilitation credit provided for in Section 47 of
22 Title 26 of the United States Code. The credit authorized by this
23 section may be claimed at any time after the relevant local
24 governmental body responsible for doing so issues a certificate of

1 occupancy or other document that is a precondition for the
2 applicable use of the building or structure that is the basis upon
3 which the credit authorized by this section is claimed.

4 C. All requirements with respect to qualification for the
5 credit authorized by Section 47 of Title 26 of the United States
6 Code shall be applicable to the credit authorized by this section.

7 D. If the credit allowed pursuant to this section exceeds the
8 amount of income taxes due or if there are no state income taxes due
9 on the income of the taxpayer, the amount of the credit allowed but
10 not used in any taxable year may be carried forward as a credit
11 against subsequent income tax liability for a period not exceeding
12 ten (10) years following the qualified expenditures.

13 E. All rehabilitation work to which the credit may be applied
14 shall be reviewed by the State Historic Preservation Office which
15 will in turn forward the information to the National Park Service
16 for certification in accordance with 36 C.F.R., Part 67. A
17 certified historic structure may be rehabilitated for any lawful use
18 or uses, including without limitation mixed uses and still retain
19 eligibility for the credit provided for in this section.

20 F. The amount of the credit allowed for any credit claimed for
21 a certified historic hotel or historic newspaper plant building or
22 any certified historic structure, but not used, shall be freely
23 transferable, in whole or in part, to subsequent transferees at any
24 time during the five (5) years following the year of qualification.

1 Any person to whom or to which a tax credit is transferred shall
2 have only such rights to claim and use the credit under the terms
3 that would have applied to the entity by whom or by which the tax
4 credit was transferred. The provisions of this subsection shall not
5 limit the ability of a tax credit transferee to reduce the tax
6 liability of the transferee regardless of the actual tax liability
7 of the tax credit transferor for the relevant taxable period. The
8 transferor of the credit and the transferee shall jointly file a
9 copy of the written credit transfer agreement with the Oklahoma Tax
10 Commission within thirty (30) days of the transfer. Such filing of
11 the written credit transfer agreement with the Oklahoma Tax
12 Commission shall perfect such transfer. The written agreement shall
13 contain the name, address and taxpayer identification number of the
14 parties to the transfer, the amount of credit being transferred, the
15 year the credit was originally allowed to the transferor, the tax
16 year or years for which the credit may be claimed, and a
17 representation by the transferor that the transferor has neither
18 claimed for its own behalf nor conveyed such credits to any other
19 transferee. The Tax Commission shall develop a standard form for
20 use by subsequent transferees of the credit demonstrating
21 eligibility for the transferee to reduce its applicable tax
22 liabilities resulting from ownership of the credit. The Tax
23 Commission shall develop a system to record and track the transfers
24 of the credit and certify the ownership of the credit and may

1 promulgate rules to permit verification of the validity and
2 timeliness of a tax credit claimed upon a tax return pursuant to
3 this subsection but shall not promulgate any rules which unduly
4 restrict or hinder the transfers of such tax credit.

5 G. Notwithstanding any other provisions in this section, on or
6 after January 1, 2009, if a credit allowed pursuant to this section
7 which has been transferred is subsequently reduced as the result of
8 an adjustment by the Internal Revenue Service, Tax Commission, or
9 any other applicable government agency, only the transferor
10 originally allowed the credit and not any subsequent transferee of
11 the credit, shall be held liable to repay any amount of disallowed
12 credit.

13 H. As used in this section:

14 1. "Certified historic hotel or historic newspaper plant
15 building" means a hotel or newspaper plant building that is listed
16 on the National Register of Historic Places within thirty (30)
17 months of taking the credit pursuant to this section~~;~~;

18 2. "Certified historic structure" means a building that is
19 listed on the National Register of Historic Places within thirty
20 (30) months of taking the credit pursuant to this section or a
21 building located in Oklahoma which is certified by the State
22 Historic Preservation Office as contributing to the historic
23 significance of a certified historic district listed on the National
24 Register of Historic Places, or a local district that has been

1 certified by the State Historic Preservation Office as eligible for
2 listing in the National Register of Historic Places; and

3 3. "Qualified rehabilitation expenditures" means capital
4 expenditures that qualify for the federal rehabilitation credit
5 provided in Section 47 of Title 26 of the United States Code and
6 that were paid after December 31, 2000. Qualified rehabilitation
7 expenditures do not include capital expenditures for nonhistoric
8 additions except an addition that is required by state or federal
9 regulations that relate to safety or accessibility. In addition,
10 qualified rehabilitation expenditures do not include expenditures
11 related to the cost of acquisition of the property.

12 I. No credit otherwise authorized by the provisions of this
13 section may be claimed for any event, transaction, investment,
14 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
15 for which the credit would otherwise be allowable ~~until the~~
16 ~~provisions of this subsection shall cease to be operative on July 1,~~
17 ~~2012. Beginning July 1, 2012, the credit authorized by this section~~
18 ~~may be claimed for any event, transaction, investment, expenditure~~
19 ~~or other act occurring on or after July 1, 2010, according to the~~
20 ~~provisions of this section. Any tax credits which accrue during the~~
21 ~~period of July 1, 2010, through June 30, 2012, may not be claimed~~
22 ~~for any period prior to the taxable year beginning January 1, 2012.~~
23 ~~No credits which accrue during the period of July 1, 2010, through~~

1 ~~June 30, 2012, may be used to file an amended tax return for any~~
2 ~~taxable year prior to the taxable year beginning January 1, 2012.~~

3 SECTION 10. AMENDATORY 68 O.S. 2011, Section 2357.45, is
4 amended to read as follows:

5 Section 2357.45 A. 1. For tax years beginning after December
6 31, 2004, there shall be allowed against the tax imposed by Section
7 2355 of this title, a credit for any taxpayer who makes a donation
8 to an independent biomedical research institute and for tax years
9 beginning after December 31, 2010, a credit for any taxpayer who
10 makes a donation to a cancer research institute.

11 2. The credit authorized by paragraph 1 of this subsection
12 shall be limited as follows:

13 a. for calendar year 2007 and all subsequent years, the
14 credit percentage, not to exceed fifty percent (50%),
15 shall be adjusted annually so that the total estimate
16 of the credits does not exceed Two Million Dollars
17 (\$2,000,000.00) annually. The formula to be used for
18 the percentage adjusted shall be fifty percent (50%)
19 times One Million Dollars (\$1,000,000.00) divided by
20 the credits claimed in the preceding year for each
21 donation to an independent biomedical research
22 institute and fifty percent (50%) times One Million
23 Dollars (\$1,000,000.00) divided by the credits claimed
24

1 in the preceding year for each donation to a cancer
2 research institute,

3 b. in no event shall a taxpayer claim more than one
4 credit for a donation to any independent biomedical
5 research institute and one credit for a donation to a
6 cancer research institute in each taxable year nor
7 shall the credit exceed One Thousand Dollars
8 (\$1,000.00) for each taxpayer for each type of
9 donation,

10 c. for tax year 2011, no more than Fifty Thousand Dollars
11 (\$50,000.00) in total tax credits for donations to a
12 cancer research institute shall be allowed,

13 d. in no event shall more than fifty percent (50%) of the
14 Two Million Dollars (\$2,000,000.00) in total tax
15 credits authorized by this section, for any calendar
16 year after the effective date of this act, be
17 allocated for credits for donations to a cancer
18 research institute, and

19 e. in the event the total tax credits authorized by this
20 section exceed One Million Dollars (\$1,000,000.00) in
21 any calendar year for either a cancer research
22 institute or an independent biomedical research
23 institute, the Oklahoma Tax Commission shall permit
24 any excess over One Million Dollars (\$1,000,000.00)

1 but shall factor such excess into the percentage
2 adjustment formula for subsequent years for that type
3 of donation. However, any such adjustment to the
4 formula for donations to an independent biomedical
5 research institute shall not affect the formula for
6 donations to a cancer research institute, and any such
7 adjustment to the formula for donations to a cancer
8 research institute shall not affect the formula for
9 donations to an independent biomedical research
10 institute.

11 3. For purposes of this section, "independent biomedical
12 research institute" means an organization which is exempt from
13 taxation pursuant to the provisions of Section 501(c)(3) of the
14 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) whose primary
15 focus is conducting peer-reviewed basic biomedical research. The
16 organization shall:

- 17 a. have a board of directors,
- 18 b. be able to accept grants in its own name,
- 19 c. be an identifiable institute that has its own
20 employees and administrative staff, and
- 21 d. receive at least Fifteen Million Dollars
22 (\$15,000,000.00) in National Institute of Health
23 funding each year.

1 4. For purposes of this section, "cancer research institute"
2 means an organization which is exempt from taxation pursuant to the
3 Internal Revenue Code and whose primary focus is raising the
4 standard of cancer clinical care in Oklahoma through peer-reviewed
5 cancer research and education or a not-for-profit supporting
6 organization, as that term is defined by the Internal Revenue Code,
7 affiliated with a tax-exempt organization whose primary focus is
8 raising the standard of cancer clinical care in Oklahoma through
9 peer-reviewed cancer research and education. The tax-exempt
10 organization whose primary focus is raising the standard of cancer
11 clinical care in Oklahoma through peer-reviewed cancer research and
12 education shall:

13 a. either be an independent research institute or a
14 program that is part of a state university which is a
15 member of The Oklahoma State System of Higher
16 Education, and

17 b. receive at least Four Million Dollars (\$4,000,000.00)
18 in National Cancer Institute funding each year.

19 B. In no event shall the amount of the credit exceed the amount
20 of any tax liability of the taxpayer.

21 C. Any credits allowed but not used in any tax year may be
22 carried over, in order, to each of the four (4) years following the
23 year of qualification.

24

1 D. The Tax Commission shall have the authority to prescribe
2 forms for purposes of claiming the credit authorized by this
3 section.

4 E. No credit otherwise authorized by the provisions of this
5 section may be claimed for any event, transaction, investment,
6 expenditure or other act occurring on or after July 1, 2018, for
7 which the credit would otherwise be allowable.

8 SECTION 11. AMENDATORY 68 O.S. 2011, Section 2357.46, is
9 amended to read as follows:

10 Section 2357.46 A. Except as otherwise provided by subsection
11 G of this section, for tax years beginning after December 31, 2005,
12 there shall be allowed a credit against the tax imposed by Section
13 2355 of Title 68 of Oklahoma Statutes for eligible expenditures
14 incurred by a contractor in the construction of energy efficient
15 residential property of two thousand (2,000) square feet or less.
16 The amount of the credit shall be based upon the following:

17 1. For any eligible energy efficient residential property
18 constructed and certified as forty percent (40%) or more above the
19 International Energy Conservation Code 2003 and any supplement in
20 effect at the time of completion, the amount of the credit shall be
21 equal to the eligible expenses, not to exceed Four Thousand Dollars
22 (\$4,000.00) for the taxpayer who is the contractor; and

23 2. For any eligible energy efficient residential property
24 constructed and certified as between twenty percent (20%) and

1 thirty-nine percent (39%) above the International Energy
2 Conservation Code 2003 and any supplement in effect at the time of
3 completion, the credit shall be equal to the eligible expenditures,
4 not to exceed Two Thousand Dollars (\$2,000.00) for the taxpayer who
5 is the contractor.

6 B. As used in this section:

7 1. "Eligible expenditure" means any:

8 a. energy efficient heating or cooling system,

9 b. insulation material or system which is specifically
10 and primarily designed to reduce the heat gain or loss
11 of a residential property when installed in or on such
12 property,

13 c. exterior windows, including skylights,

14 d. exterior doors, and

15 e. any metal roof installed on a residential property,

16 but only if such roof has appropriate pigmented
17 coatings which are specifically and primarily designed
18 to reduce the heat gain of such dwelling unit and
19 which meet Energy Star program requirements;

20 2. "Contractor" means the taxpayer who constructed the
21 residential property or manufactured home, or if more than one
22 taxpayer qualifies as the contractor, the primary contractor; and

23 3. "Eligible energy efficient residential property" means a
24 newly constructed residential property or manufactured home property

1 which is located in the State of Oklahoma and substantially complete
2 after December 31, 2005, and which is two thousand (2,000) square
3 feet or less:

4 a. for the credit provided pursuant to paragraph 1 of
5 subsection A of this section, which is certified by an
6 accredited Residential Energy Services Network
7 Provider using the Home Energy Rating System to have:

- 8 (1) a level of annual heating and cooling energy
9 consumption which is at least forty percent (40%)
10 below the annual level of heating and cooling
11 energy consumption of a comparable residential
12 property constructed in accordance with the
13 standards of Chapter 4 of the 2003 International
14 Energy Conservation Code, as such code is in
15 effect on the effective date of this act,
16 (2) heating and cooling equipment efficiencies which
17 correspond to the minimum allowed under the
18 regulations established by the Department of
19 Energy pursuant to the National Appliance Energy
20 Conservation Act of 1987 and in effect at the
21 time of construction of the property, and
22 (3) building envelope component improvements which
23 account for at least one-fifth of the reduced
24

1 annual heating and cooling energy consumption
2 levels,

3 b. for the credit provided pursuant to paragraph 2 of
4 subsection A of this section, which is certified by an
5 accredited Residential Energy Services Network
6 Provider using the Home Energy Rating System to have:

7 (1) a level of annual heating and cooling energy
8 consumption which is between twenty percent (20%)
9 and thirty-nine percent (39%) below the annual
10 level of heating and cooling energy consumption
11 of a comparable residential property constructed
12 in accordance with the standards of Chapter 4 of
13 the 2003 International Energy Conservation Code,
14 as such code is in effect on the effective date
15 of this act,

16 (2) heating and cooling equipment efficiencies which
17 correspond to the minimum allowed under the
18 regulations established by the Department of
19 Energy pursuant to the National Appliance Energy
20 Conservation Act of 1987 and in effect at the
21 time of construction of the property, and

22 (3) building envelope component improvements which
23 account for at least one-third of the reduced
24

1 annual heating and cooling energy consumption
2 levels.

3 C. The credit provided for in subsection A of this section may
4 only be claimed once for the contractor of any eligible residential
5 energy efficient property during the taxable year when the property
6 is substantially complete.

7 D. If the credit allowed pursuant to this section exceeds the
8 amount of income taxes due or if there are no state income taxes due
9 on the income of the taxpayer, the amount of credit allowed but not
10 used in any taxable year may be carried forward as a credit against
11 subsequent income tax liability for a period not exceeding four (4)
12 years following the qualified expenditures.

13 E. For credits earned on or after the effective date of this
14 act, the credits authorized by this section shall be freely
15 transferable to subsequent transferees.

16 F. The Oklahoma Tax Commission shall promulgate rules necessary
17 to implement this act.

18 G. No credit otherwise authorized by the provisions of this
19 section may be claimed for any event, transaction, investment,
20 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
21 for which the credit would otherwise be allowable. ~~The provisions~~
22 ~~of this subsection shall cease to be operative on July 1, 2012.~~
23 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
24 ~~claimed for any event, transaction, investment, expenditure or other~~

1 ~~act occurring on or after July 1, 2012, according to the provisions~~
2 ~~of this section.~~

3 SECTION 12. AMENDATORY 68 O.S. 2011, Section 2357.47, as
4 amended by Section 1, Chapter 292, O.S.L. 2014 (68 O.S. Supp. 2014,
5 Section 2357.47), is amended to read as follows:

6 Section 2357.47 A. 1. Except as otherwise provided in
7 subsection D of this section, for tax years beginning after December
8 31, 2005, and ending before January 1, 2015, there shall be allowed
9 against the tax imposed by Section 2355 of this title, a credit for
10 eligible wages paid by an employer to an employee. The amount of
11 the credit shall be ten percent (10%) of the amount of the gross
12 wages paid to the employee for a period not to exceed ninety (90)
13 days but in no event shall the credit exceed Five Thousand Dollars
14 (\$5,000.00) for each employee of each taxpayer. In no event shall
15 the total credit claimed exceed Twenty-five Thousand Dollars
16 (\$25,000.00) in any one year for any taxpayer.

17 2. Except as otherwise provided by subsection D of this
18 section, for tax years beginning after December 31, 2005, and ending
19 before January 1, 2017, there shall be allowed against the tax
20 imposed by Section 2355 of this title, a credit for eligible
21 modification expenses of an employer. The amount of the credit
22 shall be fifty percent (50%) of the amount of the funds expended for
23 eligible modification expenses or new tools or equipment but in no
24 event shall the credit exceed One Thousand Dollars (\$1,000.00) for

1 eligible modification expenses incurred for any single employee. In
2 no event shall the total credit claimed exceed Ten Thousand Dollars
3 (\$10,000.00) in any year for any taxpayer.

4 3. As used in this section:

5 a. "employee", "employer", "maximum medical improvement",
6 "treating physician", and "wages" shall be defined as
7 in Title 85 of the Oklahoma Statutes,

8 b. "eligible wages" means gross wages paid by an employer
9 to an employee who is injured as a result of an injury
10 which is compensable under Title 85 of the Oklahoma
11 Statutes and which are paid beginning when the
12 employee returns to work with restricted duties as
13 provided by the employee's treating physician or an
14 independent medical examiner before the employee has
15 reached maximum medical improvement, and ending after
16 ninety (90) days or when the employee has reached
17 maximum medical improvement, and

18 c. "eligible modification expenses" means expenses
19 incurred by an employer to modify a workplace, tools
20 or equipment or to obtain new tools or equipment and
21 which are incurred by an employer solely to enable a
22 specific injured employee who is injured as a result
23 of an injury which is compensable under the Workers'
24 Compensation Act to return to work with restricted

1 duties as provided by the employee's treating
2 physician or an independent medical examiner before
3 the employee has reached maximum medical improvement,
4 and which workplace, tools or equipment are used
5 primarily by the injured employee.

6 B. In no event shall the amount of the credit(s) exceed the
7 amount of any tax liability of the taxpayer.

8 C. The Oklahoma Tax Commission shall have the authority to
9 promulgate rules necessary to effectuate the purposes of this
10 section.

11 D. No credit otherwise authorized by the provisions of this
12 section may be claimed for any event, transaction, investment,
13 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
14 for which the credit would otherwise be allowable. ~~The provisions~~
15 ~~of this subsection shall cease to be operative on July 1, 2012.~~
16 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
17 ~~claimed for any event, transaction, investment, expenditure or other~~
18 ~~act occurring on or after July 1, 2012, according to the provisions~~
19 ~~of this section.~~

20 SECTION 13. AMENDATORY 68 O.S. 2011, Section 2357.59, is
21 amended to read as follows:

22 Section 2357.59 A. Except as otherwise provided by subsection
23 F of this section, if any person, firm, corporation, partnership or
24 other legal entity has made application or filed an information

1 report on forms prescribed by the Oklahoma Tax Commission to receive
2 a credit against the tax imposed by Section 2355 of this title or
3 Section 624 of Title 36 of the Oklahoma Statutes pursuant to the
4 provisions of Sections 2357.23, 2357.51, 2357.52, 2357.53, 2357.54,
5 2357.55, 2357.56, 2357.57 or 2357.58 of this title on or before July
6 1, 1993, such credit may be received notwithstanding the provisions
7 of Section 51 of Senate Bill No. 459 of the 1st Session of the 44th
8 Oklahoma Legislature or that the other requirements for allowance of
9 such credit are not established until after July 1, 1993.

10 B. Except as provided in this section, no person, firm,
11 corporation, partnership or other legal entity shall qualify to
12 receive any such credit after July 1, 1993.

13 C. For any person, firm, corporation, partnership or other
14 legal entity or its successor who has filed the information report
15 specified in subsection A of this section, for taxable years
16 beginning after December 31, 1995, and ending on or before December
17 31, 2000, there shall be allowed a credit against the tax imposed by
18 Section 2355 of this title for fifteen percent (15%) of the
19 investment cost of a new qualified recycling facility. A person,
20 firm, corporation, partnership or other legal entity or its
21 successor which has withdrawn its application or information report
22 specified in subsection A of this section shall not be eligible for
23 such credit. For purposes of this subsection, a "qualified
24 recycling facility" shall mean buildings, land, improvements,

1 machinery and equipment located in Oklahoma and used in
2 manufacturing as defined by the Standard Industrial Classification
3 Code and at which facility is produced a qualified finished product,
4 provided that up to ten percent (10%) of the square feet of a
5 building may be devoted to office space used to provide clerical
6 support for the manufacturing operation. Such ten percent (10%) may
7 be in a separate building as long as it is part of the same
8 contiguous tract of property on which the manufacturing facility is
9 located. For purposes of this subsection, a "qualified finished
10 product" shall mean a marketable product or component thereof which
11 has economic value to the consumer and ninety percent (90%) of which
12 is composed of materials which have been separated, diverted or
13 removed from the waste stream and incorporated into the finished
14 product by any means or method.

15 D. The credit provided for in subsection C of this section
16 shall be subject to the following limitations:

17 1. The credit shall apply to investment in a qualified
18 recycling facility only if construction or on-site installation of
19 the facility commences on or after January 1, 1996, and before
20 December 31, 1999;

21 2. The credit shall only be available if the total cost of the
22 new qualified recycling facility exceeds Twenty Million Dollars
23 (\$20,000,000.00) and employs at least seventy-five new full-time-

24

1 equivalent employees, as certified by the Oklahoma Employment
2 Security Commission;

3 3. The credit shall be initially allowed for the tax year in
4 which the qualified recycling facility is placed in service.
5 However, any credit allowed but not used in any tax year due to the
6 limitation provided in paragraph 4 of this subsection shall be
7 carried over in order, but used only once, to each of the fourteen
8 (14) years following the year of initial allowance; and

9 4. The credit shall not be utilized in any tax year to reduce
10 the income tax liability of the owner of the qualified recycling
11 facility for such year by more than fifty percent (50%) of the tax
12 liability calculated from the income of the qualified recycling
13 facility. For purposes of subsections C and D of this section, the
14 "owner" shall include the user of a qualified recycling facility
15 under a lease with a term of five (5) years or more.

16 E. The Oklahoma Tax Commission may promulgate rules in order to
17 implement the provisions of this section including requirements to
18 submit any additional information as deemed necessary to implement
19 and administer this credit.

20 F. No credit otherwise authorized by the provisions of this
21 section may be claimed for any event, transaction, investment,
22 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
23 for which the credit would otherwise be allowable. ~~The provisions~~
24 ~~of this subsection shall cease to be operative on July 1, 2012.~~

1 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
2 ~~claimed for any event, transaction, investment, expenditure or other~~
3 ~~act occurring on or after July 1, 2012, according to the provisions~~
4 ~~of this section.~~

5 SECTION 14. AMENDATORY 68 O.S. 2011, Section 2357.100,
6 is amended to read as follows:

7 Section 2357.100 A. For taxable years beginning after December
8 31, 2004, and ending on or before December 31, 2009, there shall be
9 allowed a credit against the tax imposed by Section 2355 of this
10 title for the purchase and transportation of poultry litter.
11 Subject to the limitations provided in subsection C of this section,
12 the credit shall be available to the purchaser of the poultry litter
13 and shall equal Five Dollars (\$5.00) per ton purchased and
14 transported.

15 B. Except as provided in subsection F of this section, for
16 taxable years beginning after December 31, 2009, and ending on or
17 before December 31, 2013, there shall be allowed a credit against
18 the tax imposed by Section 2355 of this title for the purchase and
19 transportation of poultry litter. Subject to the limitations
20 provided in subsection C of this section, the credit shall be
21 available to the purchaser of the poultry litter and shall equal Ten
22 Dollars (\$10.00) per ton purchased and transported.

23 C. 1. The total of the credits authorized by this section
24 shall not exceed Three Hundred Seventy-five Thousand Dollars

1 (\$375,000.00) annually. The amount of the credit for each purchaser
2 shall be adjusted annually so that the total estimate of the credits
3 authorized by this section does not exceed Three Hundred Seventy-
4 five Thousand Dollars (\$375,000.00). The formula to be used for the
5 percentage adjustment shall be Three Hundred Seventy-five Thousand
6 Dollars (\$375,000.00) divided by the credits claimed in the
7 preceding year. In no event shall the credit be claimed more than
8 once by a taxpayer each taxable year.

9 2. In the event the total tax credits authorized by this
10 section exceed Three Hundred Seventy-five Thousand Dollars
11 (\$375,000.00) in any calendar year, the Oklahoma Tax Commission
12 shall permit any excess over Three Hundred Seventy-five Thousand
13 Dollars (\$375,000.00) but shall factor such excess into the
14 percentage adjustment formula for subsequent years.

15 D. In order to qualify for the credit provided for in
16 subsections A and B of this section:

17 1. The poultry litter shall only be purchased from an Oklahoma-
18 based poultry operation registered with the State Board of
19 Agriculture and located within an environmentally sensitive and
20 nutrient-limited watershed area as defined in the most recent
21 Oklahoma Water Quality Standards;

22 2. The poultry litter shall be used or spread in a watershed
23 that is not environmentally sensitive and nutrient-limited as
24 defined in the most recent Oklahoma Water Quality Standards; and

1 3. The poultry litter shall be applied by a certified poultry
2 waste applicator as defined by Section 10-9.1 of Title 2 of the
3 Oklahoma Statutes and in accordance with the provisions of Sections
4 10-9.16 through 10-9.21 of Title 2 of the Oklahoma Statutes and any
5 rules promulgated by the Oklahoma Department of Agriculture, Food,
6 and Forestry.

7 E. The credit allowed by this section shall be available to the
8 taxpayer in the year in which the poultry litter was purchased and
9 transported, provided the taxpayer is found by the Oklahoma
10 Department of Agriculture, Food, and Forestry to have applied the
11 poultry litter in a manner consistent with an Animal Waste
12 Management Plan, as defined in Section 10-9.1 of Title 2 of the
13 Oklahoma Statutes, specifically designed to restore and protect
14 beneficial uses from impairment from nutrients. If the credit
15 exceeds the amount of income taxes due or if there are no state
16 income taxes due on the income of the taxpayer, the amount of the
17 credit not used as an offset against the income taxes for a year may
18 be carried forward as a credit against subsequent income tax
19 liability for a period not to exceed five (5) years.

20 F. No credit otherwise authorized by the provisions of this
21 section may be claimed for any event, transaction, investment,
22 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
23 for which the credit would otherwise be allowable. ~~The provisions~~
24 ~~of this subsection shall cease to be operative on July 1, 2012.~~

1 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
2 ~~claimed for any event, transaction, investment, expenditure or other~~
3 ~~act occurring on or after July 1, 2012, according to the provisions~~
4 ~~of this section.~~

5 SECTION 15. AMENDATORY 68 O.S. 2011, Section 2357.101,
6 as amended by Section 1, Chapter 291, O.S.L. 2014 (68 O.S. Supp.
7 2014, Section 2357.101), is amended to read as follows:

8 Section 2357.101 A. Except as otherwise provided in subsection
9 E of this section, for taxable years beginning after December 31,
10 2004, and ending before January 1, 2015, there shall be allowed
11 against the tax imposed by Section 2355 of this title, a credit
12 equal to twenty-five percent (25%) of the amount of profit made by a
13 taxpayer from investment in an existing Oklahoma film or music
14 project with a production company to pay for production costs that
15 is reinvested by the taxpayer with the production company to pay for
16 the production cost of the production company for a new Oklahoma
17 film or music project.

18 B. In no event shall the amount of the credit provided for in
19 subsection A of this section for an eligible taxpayer exceed the tax
20 liability of the taxpayer in a calendar year.

21 C. The Oklahoma Tax Commission shall have the authority to
22 prescribe forms for purposes of claiming the credit authorized in
23 subsection A of this section. The forms shall include, but not be
24 limited to, requests for information that prove who the investment

1 was with, the amount of the original investment and the amount of
2 the profit realized from the investment.

3 D. As used in this section:

4 1. "Film" means a professional single media, multimedia program
5 or feature, which is not child pornography as defined in subsection
6 A of Section 1024.1 of Title 21 of the Oklahoma Statutes or obscene
7 material as defined in paragraph 1 of subsection B of Section 1024.1
8 of Title 21 of the Oklahoma Statutes including, but not limited to,
9 national advertising messages that are broadcast on a national
10 affiliate or cable network, fixed on film or digital video, which
11 can be viewed or reproduced and which is exhibited in theaters,
12 licensed for exhibition by individual television stations, groups of
13 stations, networks, cable television stations or other means or
14 licensed for home viewing markets;

15 2. "Music project" means a professional recording released on a
16 national or international level, whether via traditional
17 manufacturing or distributing or electronic distribution, using
18 technology currently in use or future technology including, but not
19 limited to, music CDs, radio commercials, jingles, cues, or
20 electronic device recordings;

21 3. "Production company" means a person who produces a film or
22 music project for exhibition in theaters, on television or
23 elsewhere;

24 4. "Total production cost" includes, but is not limited to:

- a. wages or salaries of persons who have earned income from working on a film or music project in this state, including payments to personal services corporations with respect to the services of qualified performing artists, as determined under Section 62(a)(A) of the Internal Revenue Code,
- b. the cost of construction and operations, wardrobe, accessories and related services,
- c. the cost of photography, sound synchronization, lighting and related services,
- d. the cost of editing and related services,
- e. rental of facilities and equipment, and
- f. other direct costs of producing a film or music project;

5. "Existing Oklahoma film or music project" means a film or music project produced after July 1, 2005;

6. "Profit" means the amount made by the taxpayer to be determined as follows:

- a. the gross revenues less gross expenses, including direct production, distribution and marketing costs and an allocation of indirect overhead costs, of the film or music project shall be multiplied by,
- b. a ratio, the numerator of which is Oklahoma production costs, as defined in paragraph 7 of this subsection,

1 and the denominator of which is total production
2 costs, as defined in paragraph 4 of this subsection,
3 which shall be multiplied by,

4 c. the percent of the taxpayer's taxable income allocated
5 to Oklahoma in a taxable year, and

6 d. subtract from the result of the formula calculated
7 pursuant to subparagraphs a through c of this
8 paragraph the profit made by a taxpayer from
9 investment in an existing Oklahoma film or music
10 project in previous taxable years. Profit shall
11 include either a net profit or net loss;

12 7. "Oklahoma production cost" means that portion of total
13 production costs which are incurred with any qualified vendor;

14 8. a. "Qualified vendor" means an Oklahoma entity which
15 provides goods or services to a production company and
16 for which:

17 (1) fifty percent (50%) or more of its employees are
18 Oklahoma residents, and

19 (2) fifty percent (50%) or more of gross wages, as
20 reported on Internal Revenue Service Form W-2 or
21 Form 1099, are paid to Oklahoma residents.

22 b. For purposes of this paragraph, an employee shall
23 include a self-employed individual reporting income
24

1 from a qualified vendor on Internal Revenue Service
2 Form 1040.

3 c. The Oklahoma Tax Commission shall prescribe forms by
4 which an entity may be certified to a production
5 company as a qualified vendor for purposes of this
6 section; and

7 9. "Investment" means costs associated with the original
8 production company. Film or music projects acquired from an
9 original production company do not qualify as investment under
10 subsection A of this section.

11 E. No credit otherwise authorized by the provisions of this
12 section may be claimed for any event, transaction, investment,
13 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
14 for which the credit would otherwise be allowable. ~~The provisions~~
15 ~~of this subsection shall cease to be operative on July 1, 2012.~~
16 ~~Beginning July 1, 2012, the credit authorized by this section may be~~
17 ~~claimed for any event, transaction, investment, expenditure or other~~
18 ~~act occurring on or after July 1, 2012, according to the provisions~~
19 ~~of this section.~~

20 SECTION 16. AMENDATORY 68 O.S. 2011, Section 2357.104,
21 is amended to read as follows:

22 Section 2357.104 A. Except as otherwise provided by subsection
23 G of this section, for taxable years beginning after December 31,
24 2005, there shall be allowed a credit against the tax imposed by

1 Section 2355 of this title equal to fifty percent (50%) of an
2 eligible taxpayer's qualified railroad reconstruction or replacement
3 expenditures.

4 B. 1. Except as provided in paragraph 2 of this subsection,
5 the amount of the credit shall be limited to the product of Five
6 Hundred Dollars (\$500.00) for tax year 2007 and Two Thousand Dollars
7 (\$2,000.00) for tax year 2008 and subsequent tax years and the
8 number of miles of railroad track owned or leased within this state
9 by the eligible taxpayer as of the close of the taxable year.

10 2. In tax year 2009 and subsequent tax years, a taxpayer may
11 elect to increase the limit provided in paragraph 1 of this
12 subsection to an amount equal to three times the limit specified in
13 paragraph 1 of this subsection for qualified expenditures made in
14 the tax year, provided the taxpayer may only claim one third (1/3)
15 of the credit in any one taxable period.

16 C. The credit allowed pursuant to subsection A of this section
17 but not used shall be freely transferable, by written agreement, to
18 subsequent transferees at any time during the five (5) years
19 following the year of qualification. An eligible transferee shall
20 be any taxpayer subject to the tax imposed by Section 2355 of this
21 title. The person originally allowed the credit and the subsequent
22 transferee shall jointly file a copy of the written credit transfer
23 agreement with the Oklahoma Tax Commission within thirty (30) days
24 of the transfer. The written agreement shall contain the name,

1 address and taxpayer identification number of the parties to the
2 transfer, the amount of credit being transferred, the year the
3 credit was originally allowed to the transferring person and the tax
4 year or years for which the credit may be claimed. The Tax
5 Commission shall promulgate rules to permit verification of the
6 timeliness of a tax credit claimed upon a tax return pursuant to
7 this subsection but shall not promulgate any rules which unduly
8 restrict or hinder the transfers of such tax credit. The Department
9 of Transportation shall promulgate rules to permit verification of
10 the eligibility of an eligible taxpayer's expenditures for the
11 purpose of claiming the credit. The rules shall provide for the
12 approval of qualified railroad reconstruction or replacement
13 expenditures prior to commencement of a project and provide a
14 certificate of verification upon completion of a project that uses
15 qualified railroad reconstruction or replacement expenditures. The
16 certificate of verification shall satisfy all requirements of the
17 Tax Commission pertaining to the eligibility of the person claiming
18 the credit.

19 D. Any credits allowed pursuant to the provisions of subsection
20 A of this section but not used in any tax year may be carried over
21 in order to each of the five (5) years following the year of
22 qualification.

23 E. A taxpayer who elects to increase the limitation on the
24 credit under paragraph 2 of subsection B of this section shall not

1 be granted additional credits under subsection A of this section
2 during the period of such election.

3 F. As used in this section:

4 1. "Class II and Class III railroad" means a railroad that is
5 classified by the United States Surface Transportation Board as a
6 Class II or Class III railroad;

7 2. "Eligible taxpayer" means any Class II or Class III
8 railroad; and

9 3. "Qualified railroad reconstruction or replacement
10 expenditures" means expenditures for:

11 a. reconstruction or replacement of railroad
12 infrastructure including track, roadbed, bridges,
13 industrial leads and track-related structures owned or
14 leased by a Class II or Class III railroad as of
15 January 1, 2006, or

16 b. new construction of industrial leads, switches, spurs
17 and sidings and extensions of existing sidings by a
18 Class II or Class III railroad.

19 G. No credit otherwise authorized by the provisions of this

20 section may be claimed for any event, transaction, investment,
21 expenditure or other act occurring on or after July 1, ~~2010~~ 2018,
22 for which the credit would otherwise be allowable. ~~The provisions~~
23 ~~of this subsection shall cease to be operative on July 1, 2012.~~

24 ~~Beginning July 1, 2012, the credit authorized by this section may be~~

1 ~~claimed for any event, transaction, investment, expenditure or other~~
2 ~~act occurring on or after July 1, 2012, according to the provisions~~
3 ~~of this section.~~

4 SECTION 17. AMENDATORY 68 O.S. 2011, Section 2357.201,
5 is amended to read as follows:

6 Section 2357.201 A. As used in this act:

7 1. "Qualified business enterprise" means an entity or
8 affiliated group of entities electing to file a consolidated
9 Oklahoma income tax return:

10 a. organized as a corporation, partnership, limited
11 liability company or other entity having limited
12 liability pursuant to the laws of the State of Oklahoma
13 or the laws of another state, if such entity is
14 registered to do business within the state, a general
15 partnership, limited liability partnership, limited
16 liability limited partnership or other legal entity
17 having the right to conduct lawful business within the
18 state,

19 b. whose principal business activities are described by
20 the North American Industry Classification System by
21 Industry No. 514210, or Industry No. 541512 or Industry
22 No. 541519 as reflected in the 1997 edition of such
23 publication,

24

1 c. that makes at least seventy-five percent (75%) of its
2 sales to out-of-state customers or buyers which shall
3 be determined in the same manner as provided for
4 purposes of the Oklahoma Quality Jobs Program Act,

5 d. that is a high-speed processing facility in Oklahoma
6 utilizing systems such as TPF, zTPF or other advanced
7 technical systems,

8 e. that, as of July 1, 2005, maintains an Oklahoma annual
9 payroll of at least Eighty-five Million Dollars
10 (\$85,000,000.00), and

11 f. that, as of July 1, 2005, maintains an Oklahoma labor
12 force of one thousand (1,000) or more persons;

13 2. "Qualified capital expenditures" means those costs incurred
14 by the qualified business enterprise for acquisition of personal
15 property to be used in business operations within the state that
16 qualifies for depreciation and/or amortization pursuant to the
17 Internal Revenue Code of 1986, as amended, during the taxable year
18 for which the credit authorized by this section is claimed, or costs
19 incurred to refurbish, repair or maintain any existing personal
20 property located within the state;

21 3. "Qualified wages" means compensation, including any
22 employer-paid health care benefits, to full-time or part-time
23 employees of the qualified business enterprise if such employees are
24 full-time residents of the state; and

1 4. "Qualified training expenses" means those costs, whether or
2 not deductible as a business expense pursuant to the Internal
3 Revenue Code of 1986, as amended, incurred to locate, interview,
4 hire and educate an employee of the enterprise who has not
5 previously been employed by the enterprise and who is a resident of
6 the state.

7 B. For taxable years beginning after December 31, 2005, and
8 ending not later than December 31, 2013, there shall be allowed as a
9 credit against the tax imposed by Section 2355 of this title,
10 subject to the limitations imposed by subsection C of this section,
11 an amount equal to fifteen percent (15%) of:

- 12 1. Qualified capital expenditures; or
- 13 2. Qualified wages; or
- 14 3. Qualified training expenses; or
- 15 4. The sum of any of the expenses identified in paragraphs 1
16 through 3 of this subsection, in any combination.

17 C. For purposes of computing the credit amount prescribed by
18 subsection B of this section, the expenses described by paragraphs
19 1, 2 and 3 of subsection B of this section may be added together or
20 considered independently, but the total credit amount shall not
21 exceed Three Hundred Fifty Thousand Dollars (\$350,000.00) each year
22 for the fiscal year ending June 30, 2007, the fiscal year ending
23 June 30, 2008, the fiscal year ending June 30, 2009, and for all
24 subsequent fiscal years.

1 D. For purposes of the expenditures described by subsection B
2 of this section a qualified business enterprise may incur
3 expenditures beginning January 1, 2005, through December 31, 2013,
4 for purposes of computing the credit amount. The claim for such
5 credits earned for the fiscal year ending June 30, 2007, shall not
6 be filed earlier than July 1, 2006, and the claims for each
7 subsequent taxable year may be filed no earlier than July 1 of each
8 of the applicable succeeding years.

9 E. For purposes of the limitation on the credit amount that may
10 be claimed by a qualified business enterprise, an extension of time
11 for filing of an income tax return shall not extend the time period
12 for purposes of claiming the credit authorized by this section.

13 F. If the amount of the credit allowable is in excess of the
14 tax liability, the amount of the credit not used shall be refunded
15 to the taxpayer subject to the total limit of Three Hundred Fifty
16 Thousand Dollars (\$350,000.00) each year for the fiscal year ending
17 June 30, 2007, the fiscal year ending June 30, 2008, the fiscal year
18 ending June 30, 2009, and each of the applicable subsequent fiscal
19 years.

20 G. No credit for any fiscal year as otherwise authorized by
21 this section shall be based upon any qualified expenditure used to
22 compute a credit amount for any preceding taxable year.

23 H. The credit authorized by the provisions of this section
24 shall not be transferable.

1 I. The Tax Commission may prescribe forms for purposes of
2 claiming the credit authorized by this section and for verifying
3 eligibility for the credit.

4 J. No credit otherwise authorized by the provisions of this
5 section may be claimed for any event, transaction, investment,
6 expenditure or other act occurring on or after July 1, 2018, for
7 which the credit would otherwise be allowable.

8 SECTION 18. This act shall become effective July 1, 2018.

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