

1 3. "Qualified property" shall have the same meaning as in
2 Internal Revenue Code Section 168(k) as the Code existed on January
3 1, 2021, and shall apply to property placed in service after
4 December 31, 2021;

5 4. "Qualified improvement property" shall have the same meaning
6 as in Internal Revenue Code Section 168(e)(6) as the Code existed on
7 January 1, 2021, and shall apply to property placed in service after
8 December 31, 2021; and

9 5. "Full expensing" or "one hundred percent (100%) bonus
10 depreciation" means a method for taxpayers to recover costs for
11 certain expenditures in research and experimentation and depreciable
12 business assets by immediately deducting the full cost of such
13 expenditures in the tax year in which the cost is incurred or the
14 property is placed in service.

15 B. 1. Taxpayers shall have the option for immediate and full
16 expensing for qualified property and qualified improvement property
17 as follows:

18 2. For purposes of computing income tax for taxable years
19 beginning after December 31, 2021, the cost of expenditures for
20 business assets that are qualified property or qualified improvement
21 property covered under Section 168 of the Internal Revenue Code
22 shall be eligible for one hundred percent (100%) bonus depreciation
23 and may be deducted as an expense incurred by the taxpayer during
24 the taxable year during which the property is placed in service,

1 notwithstanding any changes to federal law related to amortization
2 of cost recovery beginning on or after January 1, 2023; and shall
3 permanently remain fully and immediately deductible as an expense in
4 the tax year in which the property is placed in service for purposes
5 of calculating the taxpayer's income; and

6 3. The taxpayer's decision to recover investment costs through
7 immediate expensing in the year the investment cost is incurred, or
8 amortized over an amortization schedule, is irrevocable unless
9 specifically allowed for by the Oklahoma Tax Commission.

10 C. 1. To conform to Section 179 of the Internal Revenue Code,
11 taxpayers shall be allowed to immediately deduct as an expense the
12 cost of certain depreciable business assets in the tax year in which
13 the property is placed in service.

14 2. For purposes of computing income tax for taxable years
15 beginning after December 31, 2021, taxpayers may elect to treat the
16 cost of any Section 179 of the Internal Revenue Code property as an
17 expense which is not chargeable to the capital account. Any cost so
18 treated shall be allowed as a deduction for the taxable year in
19 which the Section 179 Internal Revenue Code property is placed in
20 service.

21 D. The Oklahoma Tax Commission shall, within sixty (60) days of
22 the enactment of this section, promulgate rules for implementation
23 of this act which shall conform to the Internal Revenue Code of 1986
24 and must be consistent with the Internal Revenue Service's rules.

1 The provisions of this section shall supersede to the extent of any
2 inconsistency with any administrative rule.

3 SECTION 2. It being immediately necessary for the preservation
4 of the public peace, health or safety, an emergency is hereby
5 declared to exist, by reason whereof this act shall take effect and
6 be in full force from and after its passage and approval.

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8 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
9 03/03/2022 - DO PASS, As Amended and Coauthored.

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