

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 SENATE BILL 1715

By: Leewright

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5
6 AS INTRODUCED

7 An Act relating to income tax credit; creating the
8 Strategic Industrial Development Enhancement Tax
9 Credit Act; defining terms; providing credit for
10 certain qualified expenditures for certain tax years;
11 requiring the Oklahoma Department of Commerce to
12 determine qualifying expenditures; authorizing
13 sponsor to apply for credit; requiring the Department
14 to provide form; providing requirements for the
15 application; requiring the Department to review and
16 make determination; authorizing the Department to
17 allocate credit; requiring the Department to notify
18 the Oklahoma Tax Commission under certain
19 circumstance; limiting allocation of credit for
20 qualifying project and certain expenditures; limiting
21 allocation of credit in taxable year; requiring
22 certain projects be eligible for credit in subsequent
23 tax year; allowing unused credits to be carried over
24 for certain time; providing for transfer of credit to
certain entities; prohibiting credit to be used to
reduce tax liability to less than zero; requiring the
Department to promulgate rules; providing for
codification; and providing an effective date.

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

21 SECTION 1. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 2357.69 of Title 68, unless
23 there is created a duplication in numbering, reads as follows:
24

1 A. This act shall be known and may be cited as the "Strategic
2 Industrial Development Enhancement Tax Credit Act".

3 B. As used in this section:

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

5 2. "Eligible entity" means a limited liability company,
6 partnership, or corporation located in this state with a qualifying
7 project in a qualifying project location;

8 3. "Project sponsor" means a local economic development
9 organization or authority exempt from taxation pursuant to the
10 provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c),
11 port authority, industrial park, or Class II or III railroad
12 carriers as defined in 49 CFR, Part 1201.1-1;

13 4. "Qualifying economic development expenditure" means an
14 expenditure for land improvements, building construction, building
15 improvements and expansion, port terminal improvements, and the
16 purchase of machinery and equipment;

17 5. "Qualifying initial infrastructure expenditure" means an
18 expenditure for new railroad infrastructure or improvements to
19 existing railroad infrastructure, that includes the acquisition of
20 right of way, project engineering, construction of new railroad
21 including but not limited to tracks, leads, switches, spurs, and
22 sidings, loading dock improvements, and transloading structures
23 involved with providing freight rail service;

1 6. "Qualifying project" means the new construction or expansion
2 of an eligible entity or a development generating qualified initial
3 infrastructure expenditures to serve an eligible entity in a
4 qualifying project location; and

5 7. "Qualifying project location" means a project located in an
6 industrial park, economic development zone, or port located within a
7 county in this state with a population of less than one hundred
8 thousand (100,000) or a project located adjacent to a terminal or
9 switching railroad or Class II or III railroad.

10 C. For tax years 2023 through 2027, there shall be allowed a
11 credit for an eligible entity against the tax imposed by Section
12 2355 of Title 68 of the Oklahoma Statutes, equal to an amount not to
13 exceed ten percent (10%) of an eligible entity's qualified economic
14 development expenditures or fifty percent (50%) of an eligible
15 entity's qualified initial infrastructure expenditures, subject to
16 the determination and allocation by the Department. Credits awarded
17 pursuant to this subsection shall be allocated over a three-year
18 period in equal amounts.

19 D. A project sponsor may apply to the Department for a
20 qualifying project of an eligible entity using an application form
21 provided by the Department. The application form shall require a
22 description of the qualifying project, the project location, an
23 itemized list of project costs, and a summary of the expected net
24 economic benefit and job creation.

1 E. The Department shall review the application and make a
2 determination of the amount of qualified economic development
3 expenditures and qualified initial infrastructure expenditures that
4 qualify for tax credit. Tax credits may be allocated by the
5 Department for qualified economic development expenditures and
6 qualified initial infrastructure expenditures of a qualifying
7 project. The Department shall notify the Oklahoma Tax Commission
8 when an eligible entity has been allocated tax credit.

9 F. Total credits allocated for a qualifying project shall not
10 exceed Six Million Dollars (\$6,000,000.00). Total credit allocated
11 for a qualifying project shall not exceed Six Million Dollars
12 (\$6,000,000.00) for qualified economic development expenditures and
13 Three Million Dollars (\$3,000,000.00) for qualified initial
14 infrastructure expenditures.

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

21 H. Any credits allowed but not used in any taxable year may be
22 carried over in order to each of the five (5) subsequent tax years.
23 Credits shall be transferrable to a customer, vendor, project
24 investor, or partner of an eligible entity. Credits shall not be

1 used to reduce the tax liability of the taxpayer to less than zero
2 (0).

3 I. The Department shall promulgate rules to implement the
4 provisions of this act.

5 SECTION 2. This act shall become effective July 1, 2023.

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