

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 3418

By: Fetgatter

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; defining
8 terms; authorizing permanent full expensing for
9 certain properties; requiring conformity with
Internal Revenue Code; authorizing Tax Commission to
promulgate rules; and declaring an emergency.

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

13 SECTION 1. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 2358.6A of Title 68, unless
15 there is created a duplication in numbering, reads as follows:

16 A. As used in this section:

17 1. "Internal Revenue Code" means Title 26 of the United States
18 Code also known as the federal Internal Revenue Code of 1986, as
19 amended;

20 2. "Tax Cuts and Jobs Act" means Public Law No: 115-97 (115th
21 Congress Public Law 97);

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

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

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

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

16 2. For purposes of computing income tax for taxable years
17 beginning after December 31, 2021, the cost of expenditures for
18 business assets that are qualified property or qualified improvement
19 property covered under Section 168 of the Internal Revenue Code
20 shall be eligible for one hundred percent (100%) bonus depreciation
21 and may be deducted as an expense incurred by the taxpayer during
22 the taxable year during which the property is placed in service,
23 notwithstanding any changes to federal law related to amortization
24 of cost recovery beginning on or after January 1, 2023; and shall

1 permanently remain fully and immediately deductible as an expense in
2 the tax year in which the property is placed in service for purposes
3 of calculating the taxpayer's income; and

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

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

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

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

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

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