

1 ENGROSSED HOUSE
2 BILL NO. 2948

By: McCall and Sims

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An Act relating to revenue and taxation; providing for deduction from taxable income computed pursuant to Oklahoma Income Tax Code for corporations; specifying amount of deduction; specifying taxable years for which deduction is authorized; prescribing procedures for election; providing certain exceptions related to subsidiaries; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2358.CE-1 of Title 68, unless there is created a duplication in numbering, reads as follows:

For taxable years beginning on or after January 1, 2024, based upon an election as authorized by Section 2 of this act, there shall be deducted from the Oklahoma taxable income amount for any corporation subject to the levy of income tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes or from the amount of income subject to the levy of tax imposed pursuant to Section 2370 of Title 68 of the Oklahoma Statutes the following amounts:

1. Twenty percent (20%) of the total Oklahoma taxable income amount for a taxable year beginning after December 31, 2023, and before January 1, 2025;

1 2. Forty percent (40%) of the total Oklahoma taxable income
2 amount for a taxable year beginning after December 31, 2024, and
3 before January 1, 2026;

4 3. Sixty percent (60%) of the total Oklahoma taxable income
5 amount for a taxable year beginning after December 31, 2025, and
6 before January 1, 2027;

7 4. Eighty percent (80%) of the total Oklahoma taxable income
8 amount for a taxable year beginning after December 31, 2026, and
9 before January 1, 2028; and

10 5. One hundred percent (100%) of the total Oklahoma taxable
11 income amount for any taxable year beginning on or after January 1,
12 2028.

13 SECTION 2. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 2358.CE-2 of Title 68, unless
15 there is created a duplication in numbering, reads as follows:

16 A. Not later than June 30, 2024, for entities in existence as
17 of the effective date of this act, and not later than sixty (60)
18 days after the formation of an entity subject to taxation pursuant
19 to Section 2355 of Title 68 of the Oklahoma Statutes or subject to
20 taxation pursuant to Section 2370 of Title 68 of the Oklahoma
21 Statutes which occurs after the effective date of this act, a
22 taxpayer shall make an election, which shall be irrevocable, on such
23 form as may be prescribed for such purpose by the Oklahoma Tax
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1 Commission, and except as otherwise provided by this section, to
2 reduce taxable income as required pursuant to Section 1 of this act.

3 B. The irrevocable election authorized by subsection A of this
4 section shall be binding upon any subsidiary entity of the taxpayer
5 making such election unless otherwise provided by this section.

6 C. The irrevocable election otherwise prescribed by subsection
7 A of this section shall not be binding with respect to an entity
8 which was a subsidiary of an entity making such election during any
9 period of time the former subsidiary was not acquired by any other
10 entity.

11 D. If a former subsidiary of an entity making an election
12 pursuant to subsection A of this section is acquired by another
13 entity, the entity having acquired such former subsidiary shall be
14 authorized to make an irrevocable election which is binding upon the
15 former subsidiary of the previous entity.

16 SECTION 3. This act shall become effective January 1, 2024.

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1 Passed the House of Representatives the 11th day of March, 2024.

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3 _____
4 Presiding Officer of the House
5 of Representatives

6 Passed the Senate the ____ day of _____, 2024.

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9 Presiding Officer of the Senate