

1 ~~qualified economic development and qualified initial infrastructure~~
2 ~~expenditures;~~

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

7 3. "Qualifying project location" means a project located in an
8 industrial park, economic development zone, or port located within a
9 county in this state with a population of less than one hundred
10 thousand (100,000) persons ("Qualified Area"), or a project located
11 adjacent to a terminal, switching, or Class II or III railroad as
12 defined by the federal Surface Transportation Board;

13 4. "Project sponsor" means a local economic development
14 organization or authority, ~~organized under Section 501(c)(3) of the~~
15 ~~Internal Revenue Code, 26 U.S.C., Section 501(c)(3),~~ port authority,
16 qualified industrial park, or a terminal, switching, or Class II or
17 III railroad;

18 5. "Project application" means an application submitted by a
19 project sponsor on behalf of a qualifying project for an allocation
20 of qualifying strategic industrial development enhancement (SIDE)
21 tax credits. Project applications must include a description of the
22 qualifying project, project location, detailed project costs, and a
23 summary of expected economic benefits and job creation;

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1 6. "Qualified economic development expenditures" means
2 expenditures for land improvements, building construction, building
3 improvements and expansion, port terminal improvements, and the
4 purchase of certain machinery and equipment;

5 7. "Qualified initial infrastructure expenditures" means
6 expenditures for new rail infrastructure and improvements, which
7 includes the acquisition of right-of-way, engineering,
8 rehabilitation of existing inactive track to reinstate operation,
9 construction of new track such as industrial leads, switches, spurs,
10 and sidings, loading dock improvements, and transloading structures
11 involved with providing rail service to a qualifying project; and

12 8. "Project tax credit amount" means the amount of tax credits
13 allocated by Oklahoma Department of Commerce to a qualifying project
14 for qualified economic development and initial infrastructure
15 expenditures.

16 B. For tax years beginning after December 31, 2022, and ending
17 not later than December 31, 2027, there shall be allowed a credit
18 against the tax imposed pursuant to Section 2355 of ~~Title 68 of the~~
19 ~~Oklahoma Statutes~~ this title in an amount not to exceed ten percent
20 (10%) of an eligible entity's qualified economic development
21 expenditures, subject to limitations, determination, and allocation
22 by the Oklahoma Department of Commerce.

23 C. The total project tax credit amount may not exceed ten
24 percent (10%) of the qualified economic development expenditures,

1 except for qualified initial infrastructure expenditures the project
2 tax credit amount is earned at the rate of fifty percent (50%) of
3 qualified initial infrastructure expenditures.

4 D. 1. The project tax credit amount for qualified economic
5 development expenditures may not exceed Six Million Dollars
6 (\$6,000,000.00) per qualifying project.

7 2. The project tax credit amount for qualified initial
8 infrastructure expenditures may not exceed Three Million Dollars
9 (\$3,000,000.00) per qualifying project.

10 Projects are eligible to combine qualified economic development
11 and qualified initial infrastructure expenditures, but the total
12 project tax credit amount may not exceed Six Million Dollars
13 (\$6,000,000.00) per qualifying project in aggregate.

14 ~~E. The project tax credit amount that may be claimed or~~
15 ~~assigned to a qualifying project affiliate in any year may not~~
16 ~~exceed one-third (1/3) of the project tax credit amount awarded~~
17 ~~beginning in the year that construction is initiated.~~

18 ~~F.~~ The issuance of the project tax credit amount shall be
19 subject to review of eligible expenditures and qualifying project
20 status by the Oklahoma Department of Commerce.

21 ~~G.~~ F. The credits authorized pursuant to this section may not
22 be used to reduce the tax liability of the taxpayer to less than
23 zero (0).

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1 ~~H.~~ G. The credits allowed pursuant to this section that are not
2 used may be assigned to a qualifying project affiliate by written
3 agreement at any time during the tax year in which the credit is
4 earned or the five (5) years following the tax year the qualified
5 expenditures are incurred. For purposes of this subsection, a
6 "qualifying project affiliate" shall include a customer, vendor,
7 project investor, or strategic finance partner of the eligible
8 entity subject to the Oklahoma corporate or individual income tax.
9 The eligible taxpayer and the qualifying project affiliate must
10 jointly file a copy of the written assignment agreement with the
11 Oklahoma Tax Commission within thirty (30) days of the assignment.
12 The written agreement must contain the name, address, and taxpayer
13 identification number of the parties to the assignment, the tax year
14 the eligible taxpayer incurred the qualified expenditures, the
15 amount of credit being assigned, and the tax year or years for which
16 the credit may be claimed.

17 ~~F.~~ H. To the extent not used, the tax credit authorized by this
18 section may be carried over, in order, to each of the five (5)
19 subsequent taxable years.

20 ~~J.~~ I. Credits allocated by the Department shall not exceed
21 Twelve Million Dollars (\$12,000,000.00) in a tax year. Qualifying
22 projects that have submitted an application and are not allocated
23 all or part of credit for qualified economic development
24 expenditures or qualified initial infrastructure expenditures ~~due to~~

1 ~~the tax year limit~~ shall be eligible for credit in subsequent tax
2 years.

3 ~~K.~~ J. 1. The Oklahoma Tax Commission may promulgate rules,
4 forms, and regulations as are necessary to implement and administer
5 the provisions of this section and certify the tax credit amount
6 generated by each qualifying project annually.

7 2. The Oklahoma Department of Commerce shall promulgate rules
8 to permit verification of the eligibility of a qualifying project
9 for the purpose of claiming the credit. The rules shall provide for
10 the approval of qualified economic development expenditures prior to
11 commencement of a project and provide a certificate of verification
12 upon completion of a project that uses qualified economic
13 development expenditures. The certificate of verification shall
14 satisfy all requirements of the Oklahoma Tax Commission pertaining
15 to the eligibility of the eligible taxpayer claiming the credit.

16 SECTION 2. This act shall become effective January 1, 2025.

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18 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
19 04/04/2024 - DO PASS.
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