

OKLAHOMA STATE SENATE  
JOINT  
COMMITTEE REPORT

May 23, 2023

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

SB17

By: Thompson (Roger) et al of the Senate and Wallace et al of the House

Title: Public finance. Specifying certain duty of Director of Office of Management and Enterprise Services. Emergency.

Recommendation: **DO PASS AS AMENDED BY CS**

AYES: 19

Brooks, Burns, Dugger, Floyd, Hall, Haste, Hicks, Howard, Jech, Kirt, Matthews, Montgomery, Newhouse, Rader, Rosino, Stephens, Thompson (K), Thompson (R), Woods

NAYS: 1

Pugh

CONSTITUTIONAL PRIVILEGE: 0

Senator Roger Thompson, Chair

Committee Substitute, motion by Senator Thompson (R) - Adopted (Request No: 78)

OKLAHOMA HOUSE OF REPRESENTATIVES  
COMMITTEE REPORT

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET COMMITTEE

SB17

By: Wallace et al of the House

Thompson (Roger) et al of the Senate

Title: Public finance. Specifying certain duty of Director of Office of Management and Enterprise Services. Emergency.

Coauthored By:

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached

  
Chr.  
Representative Kevin Wallace

YEAS: 35

Baker, Bashore, Blancett, Boatman, Boles, Echols, Fetgatter, Ford, Goodwin, Hasenbeck, Hilbert, Hill, Kendrix, Kerbs, Lawson, Lepak, Lowe (D), Luttrell, Martinez, McBride, McEntire, Miller, Moore, Munson, Newton, O'Donnell, Osburn, Pfeiffer, Provenzano, Ranson, Sterling, Strom, Vancuren, Wallace, West (T)

NAYS: 1

Bennett

CONSTITUTIONAL PRIVILEGE: 0

1 STATE OF OKLAHOMA

2 1st Extraordinary Session of the 59th Legislature (2023)

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 17x

By: Thompson (Roger) and Hall  
of the Senate

6 and

7 Wallace and Martinez of the  
8 House

9 COMMITTEE SUBSTITUTE

10 An Act relating to revenue and taxation; amending 68  
11 O.S. 2021, Section 2357.104, which relates to certain  
12 railroad rehabilitation tax credits; modifying  
taxable year references; and providing an effective  
date.

13  
14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.104, is  
16 amended to read as follows:

17 Section 2357.104. A. Except as otherwise provided by this  
18 section, for taxable years beginning after December 31, 2005, and  
19 ending before January 1, ~~2025~~ 2030, there shall be allowed a credit  
20 against the tax imposed by Section 2355 of this title equal to fifty  
21 percent (50%) of an eligible taxpayer's qualified railroad  
22 reconstruction or replacement expenditures.

23 B. For tax years 2020 through ~~2024~~ 2029, the amount of the  
24 credit shall be limited to the product of Five Thousand Dollars

1 (\$5,000.00) and the number of miles of railroad track owned or  
2 leased within this state by the eligible taxpayer as of the close of  
3 the taxable year.

4 C. The credit allowed pursuant to subsection A of this section  
5 but not used shall be freely transferable, by written agreement, to  
6 subsequent transferees at any time during the five (5) years  
7 following the year of qualification. An eligible transferee shall  
8 be any taxpayer subject to the tax imposed by Section 2355 of this  
9 title. The person originally allowed the credit and the subsequent  
10 transferee shall jointly file a copy of the written credit transfer  
11 agreement with the Oklahoma Tax Commission within thirty (30) days  
12 of the transfer. The written agreement shall contain the name,  
13 address and taxpayer identification number of the parties to the  
14 transfer, the amount of credit being transferred, the year the  
15 credit was originally allowed to the transferring person and the tax  
16 year or years for which the credit may be claimed. The Tax  
17 Commission shall promulgate rules to permit verification of the  
18 timeliness of a tax credit claimed upon a tax return pursuant to  
19 this subsection but shall not promulgate any rules which unduly  
20 restrict or hinder the transfers of such tax credit. The Department  
21 of Transportation shall promulgate rules to permit verification of  
22 the eligibility of an eligible taxpayer's expenditures for the  
23 purpose of claiming the credit. The rules shall provide for the  
24 approval of qualified railroad reconstruction or replacement

1 expenditures prior to commencement of a project and provide a  
2 certificate of verification upon completion of a project that uses  
3 qualified railroad reconstruction or replacement expenditures. The  
4 certificate of verification shall satisfy all requirements of the  
5 Tax Commission pertaining to the eligibility of the person claiming  
6 the credit.

7 D. Any credits allowed pursuant to the provisions of subsection  
8 A of this section but not used in any tax year may be carried over  
9 in order to each of the five (5) years following the year of  
10 qualification.

11 E. As used in this section:

12 1. "Class II and Class III railroad" means a railroad that is  
13 classified by the United States Surface Transportation Board as a  
14 Class II or Class III railroad;

15 2. "Eligible taxpayer" means any Class II or Class III  
16 railroad; and

17 3. "Qualified railroad reconstruction or replacement  
18 expenditures" means expenditures for:

19 a. track maintenance, natural disasters, and  
20 reconstruction or replacement of railroad  
21 infrastructure including track, roadbed, crossings,  
22 bridges, industrial leads and track-related structures  
23 owned or leased by a Class II or Class III railroad as  
24 of January 1, 2006, or

1           b.    new construction of industrial leads, switches, spurs  
2                   and sidings and extensions of existing sidings by a  
3                   Class II or Class III railroad.

4           F.    The total amount of credits authorized by this section used  
5 to offset tax shall be adjusted annually to limit the annual amount  
6 of credits to Two Million Dollars (\$2,000,000.00) for tax years 2018  
7 and 2019 and Five Million Dollars (\$5,000,000.00) for tax year 2020  
8 and all subsequent tax years. The Tax Commission shall annually  
9 calculate and publish a percentage by which the credits authorized  
10 by this section shall be reduced so the total amount of credits used  
11 to offset tax does not exceed the applicable annual limit. The  
12 formula to be used for the percentage adjustment shall be the  
13 applicable annual limit divided by the credits claimed in the second  
14 preceding year.

15          G.    Pursuant to subsection F of this section, in the event the  
16 total tax credits authorized by this section exceed the annual  
17 applicable limit in any calendar year, the Tax Commission shall  
18 permit any excess over the annual applicable limit but shall factor  
19 such excess into the percentage adjustment formula for subsequent  
20 years.

21          SECTION 2. This act shall become effective November 1, 2023.

22  
23          59-1ex-78x           BG                   5/23/2023 7:22:36 PM