STATE OF OKLAHOMA

1st Extraordinary Session of the 56th Legislature (2017)

SENATE BILL 50x

By: Bergstrom

AS INTRODUCED

An Act relating to tax credits and tax rebates; amending 68 O.S. 2011, Sections 2357.4, as last amended by Section 1, Chapter 329, O.S.L. 2016, 2357.22, as last amended by Section 12, Chapter 328, O.S.L. 2014, 2357.32A, as last amended by Section 1, Chapter 44, O.S.L. 2017, 2357.41, 2357.45, 2357.206, as last amended by Section 1, Chapter 288, O.S.L. 2017, 2357.302, as last amended by Section 1, Chapter 153, O.S.L. 2017, 2357.303, as last amended by Section 2, Chapter 153, O.S.L. 2017, 2357.304, as last amended by Section 1, Chapter 288, O.S.L. 2017, Section 1, Chapter 421, O.S.L. 2014, 2370.1, as last amended by Section 1, Chapter 110, O.S.L. 2016, 3624, as amended by Section 1, Chapter 121, O.S.L. 2017 (68 O.S. Supp. 2017, Sections 2357.4, 2357.22, 2357.32A, 2357.206, 2357.302, 2357.303, 2357.304, 2357.403, 2370.1 and 3624), which relate to the business credit for investment or increase in full-time employees, credit for investments in qualified clean-burning motor fuel vehicle property or qualified electric motor vehicle property, tax credits for electricity generated by zero-emission facilities, tax credit for qualified rehabilitation expenditures, tax credit for donation to independent biomedical or cancer research institute, the Oklahoma Equal Opportunity Education Scholarship Act, tax credit for tuition reimbursement for qualified employer, tax credit for qualified employer in aerospace sector, tax credit for qualified employee, tax credit for affordable housing, tax credit for guaranty fee, the Oklahoma Film Enhancement Rebate Program; reducing credit amount for certain tax years; reducing credit rate for certain tax years; modifying credit formula for certain tax years; reducing cap on credit amount for certain tax years; reducing rebate rate for certain
fiscal years; and reducing rebate cap for certain fiscal years.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.4, as last amended by Section 1, Chapter 329, O.S.L. 2016 (68 O.S. Supp. 2017, Section 2357.4), is amended to read as follows:

Section 2357.4. A. Except as otherwise provided in subsection F of Section 3658 of this title and in subsections J and K of this section, for taxable years beginning after December 31, 1987, there shall be allowed a credit against the tax imposed by Section 2355 of this title for:

1. Investment in qualified depreciable property placed in service during those years for use in a manufacturing operation, as defined in Section 1352 of this title, which has received a manufacturer exemption permit pursuant to the provisions of Section 1359.2 of this title or a qualified aircraft maintenance or manufacturing facility as defined in Section 1357 of this title in this state or a qualified web search portal as defined in Section 1357 of this title; or

2. A net increase in the number of full-time-equivalent employees in a manufacturing operation, as defined in Section 1352 of this title, which has received a manufacturer exemption permit pursuant to the provisions of Section 1359.2 of this title or a
defined in Section 1357 of this title in this state or in a qualified
search portal as defined in Section 1357 of this title including
employees engaged in support services.

B. Except as otherwise provided in subsection F of Section 3658
of this title and in subsections J and K of this section, for
taxable years beginning after December 31, 1998, there shall be
allowed a credit against the tax imposed by Section 2355 of this
title for:

1. Investment in qualified depreciable property with a total
cost equal to or greater than Forty Million Dollars ($40,000,000.00)
within three (3) years from the date of initial qualifying
expenditure and placed in service in this state during those years
for use in the manufacture of products described by any Industry
Number contained in Division D of Part I of the Standard Industrial
Classification (SIC) Manual, latest revision; or

2. A net increase in the number of full-time-equivalent
employees in this state engaged in the manufacture of any goods
identified by any Industry Number contained in Division D of Part I
of the Standard Industrial Classification (SIC) Manual, latest
revision, if the total cost of qualified depreciable property placed
in service by the business entity within the state equals or exceeds
Forty Million Dollars ($40,000,000.00) within three (3) years from
the date of initial qualifying expenditure.
C. The business entity may claim the credit authorized by subsection B of this section for expenditures incurred or for a net increase in the number of full-time-equivalent employees after the business entity provides proof satisfactory to the Oklahoma Tax Commission that the conditions imposed pursuant to paragraph 1 or paragraph 2 of subsection B of this section have been satisfied.

D. If a business entity fails to expend the amount required by paragraph 1 or paragraph 2 of subsection B of this section within the time required, the business entity may not claim the credit authorized by subsection B of this section but shall be allowed to claim a credit pursuant to subsection A of this section if the requirements of subsection A of this section are met with respect to the investment in qualified depreciable property or net increase in the number of full-time-equivalent employees.

E. The credit provided for in subsection A of this section, if based upon investment in qualified depreciable property, shall not be allowed unless the investment in qualified depreciable property is at least Fifty Thousand Dollars ($50,000.00). The credit provided for in subsection A or B of this section shall not be allowed if the applicable investment is the direct cause of a decrease in the number of full-time-equivalent employees. Qualified property shall be limited to machinery, fixtures, equipment, buildings or substantial improvements thereto, placed in service in this state during the taxable year. The taxable years for which the
credit may be allowed if based upon investment in qualified
depreciable property shall be measured from the year in which the
qualified property is placed in service. If the credit provided for
in subsection A or B of this section is calculated on the basis of
the cost of the qualified property, the credit shall be allowed in
each of the four (4) subsequent years. If the qualified property on
which a credit has previously been allowed is acquired from a
related party, the date such property is placed in service by the
transferor shall be considered to be the date such property is
placed in service by the transferee, for purposes of determining the
aggregate number of years for which credit may be allowed.

F. The credit provided for in subsection A or B of this
section, if based upon an increase in the number of full-time-
equivalent employees, shall be allowed in each of the four (4)
subsequent years only if the level of new employees is maintained in
the subsequent year. In calculating the credit by the number of new
employees, only those employees whose paid wages or salary were at
least Seven Thousand Dollars ($7,000.00) during each year the credit
is claimed shall be included in the calculation. Provided, that the
first year a credit is claimed for a new employee, such employee may
be included in the calculation notwithstanding paid wages of less
than Seven Thousand Dollars ($7,000.00) if the employee was hired in
the last three quarters of the tax year, has wages or salary which
will result in annual paid wages in excess of Seven Thousand Dollars
($7,000.00) and the taxpayer submits an affidavit stating that the employee's position will be retained in the following tax year and will result in the payment of wages in excess of Seven Thousand Dollars ($7,000.00). The number of new employees shall be determined by comparing the monthly average number of full-time employees subject to Oklahoma income tax withholding for the final quarter of the taxable year with the corresponding period of the prior taxable year, as substantiated by such reports as may be required by the Tax Commission.

G. The Except as otherwise provided in subsection N of this section, the credit allowed by subsection A of this section shall be the greater amount of either:

1. One percent (1%) of the cost of the qualified property in the year the property is placed in service; or

2. Five Hundred Dollars ($500.00) for each new employee. No credit shall be allowed in any taxable year for a net increase in the number of full-time-equivalent employees if such increase is a result of an investment in qualified depreciable property for which an income tax credit has been allowed as authorized by this section.

H. The Except as otherwise provided in subsection N of this section, the credit allowed by subsection B of this section shall be the greater amount of either:

1. Two percent (2%) of the cost of the qualified property in the year the property is placed in service; or
2. One Thousand Dollars ($1,000.00) for each new employee.

   No credit shall be allowed in any taxable year for a net increase in the number of full-time-equivalent employees if such increase is a result of an investment in qualified depreciable property for which an income tax credit has been allowed as authorized by this section.

I. Except as provided by subsection G of Section 3658 of this title, any credits allowed but not used in any taxable year may be carried over in order as follows:

1. To each of the four (4) years following the year of qualification;

2. To the extent not used in those years in order to each of the fifteen (15) years following the initial five-year period;

3. If a C corporation that otherwise qualified for the credits under subsection A of this section subsequently changes its operating status to that of a pass-through entity which is being treated as the same entity for federal tax purposes, the credits will continue to be available as if the pass-through entity had originally qualified for the credits subject to the limitations of this section;

4. To the extent not used in paragraphs 1 and 2 of this subsection, such credits from qualified depreciable property placed in service on or after January 1, 2000, may be utilized in any subsequent tax years after the initial twenty-year period; and
5. Provided, for tax years beginning on or after January 1, 2016, and ending on or before December 31, 2018, the amount of credits available as an offset in a taxable year shall be limited to the percentage calculated by the Tax Commission pursuant to the provisions of subsection L of this section.

J. No credit otherwise authorized by the provisions of this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, for which the credit would otherwise be allowable until the provisions of this subsection shall cease to be operative on July 1, 2012. Beginning July 1, 2012, the credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, according to the provisions of this section; provided, credits accrued during the period from July 1, 2010, through June 30, 2012, shall be limited to a period of two (2) taxable years. The credit shall be limited in each taxable year to fifty percent (50%) of the total amount of the accrued credit. Any tax credits which accrue during the period of July 1, 2010, through June 30, 2012, may not be claimed for any period prior to the taxable year beginning January 1, 2012. No credits which accrue during the period of July 1, 2010, through June 30, 2012, may be used to file an amended tax return for any taxable year prior to the taxable year beginning January 1, 2012.
K. Beginning January 1, 2017, except with respect to tax credits allowed from investment or job creation occurring prior to January 1, 2017, the credits authorized by this section shall not be allowed for investment or job creation in electric power generation by means of wind as described by the North American Industry Classification System, No. 221119.

L. For tax years beginning on or after January 1, 2016, and ending on or before December 31, 2018, the total amount of credits authorized by this section used to offset tax shall be adjusted annually to limit the annual amount of credits to Twenty-five Million Dollars ($25,000,000.00). The Tax Commission shall annually calculate and publish a percentage by which the credits authorized by this section shall be reduced so the total amount of credits used to offset tax does not exceed Twenty-five Million Dollars ($25,000,000.00) per year. The formula to be used for the percentage adjustment shall be Twenty-five Million Dollars ($25,000,000.00) divided by the credits used to offset tax in the second preceding year.

M. Pursuant to subsection L of this section, in the event the total tax credits authorized by this section exceed Twenty-five Million Dollars ($25,000,000.00) in any calendar year, the Tax Commission shall permit any excess over Twenty-five Million Dollars ($25,000,000.00) but shall factor such excess into the percentage adjustment formula for subsequent years.
N. The credit otherwise authorized by the provisions of this section shall be reduced by twenty-five percent (25%) for any taxable year which begins on or after January 1, 2018, and ends on or before December 31, 2019. The provisions of this subsection shall not be applicable to tax credits carried forward from any tax year which began prior to January 1, 2018.

SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357.22, as last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp. 2017, Section 2357.22), is amended to read as follows:

Section 2357.22. A. For tax years beginning before January 1, 2020, there shall be allowed a one-time credit against the income tax imposed by Section 2355 of this title for investments in qualified clean-burning motor vehicle fuel property placed in service after December 31, 1990.

B. As used in this section, "qualified clean-burning motor vehicle fuel property" means:

1. Equipment installed to modify a motor vehicle which is propelled by gasoline or diesel fuel so that the vehicle may be propelled by a hydrogen fuel cell, compressed natural gas, liquefied natural gas or liquefied petroleum gas; provided, equipment installed on a vehicle propelled by a hydrogen fuel cell shall only be eligible for tax year 2010. The equipment covered by this paragraph must:
a. be new, not previously used to modify or retrofit any vehicle propelled by gasoline or diesel fuel and be installed by an alternative fuels equipment technician who is certified in accordance with the Alternative Fuels Technician Certification Act,

b. meet all Federal Motor Vehicle Safety Standards set forth in 49 CFR 571, or
c. for any commercial motor vehicle (CMV), follow the Federal Motor Carrier Safety Regulations or Oklahoma Intrastate Motor Carrier Regulations;

2. A motor vehicle originally equipped so that the vehicle may be propelled by a hydrogen fuel cell, compressed natural gas, liquefied natural gas or liquefied petroleum gas but only to the extent of the portion of the basis of such motor vehicle which is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel. A motor vehicle originally equipped so that the vehicle may be propelled by a hydrogen fuel cell shall only be eligible for tax year 2010;

3. Property, not including a building and its structural components, which is:

a. directly related to the delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas, or hydrogen, for commercial purposes or for a fee or
charge, into the fuel tank of a motor vehicle
propelled by such fuel including compression equipment
and storage tanks for such fuel at the point where
such fuel is so delivered but only if such property is
not used to deliver such fuel into any other type of
storage tank or receptacle and such fuel is not used
for any purpose other than to propel a motor vehicle,
or
b. a metered-for-fee, public access recharging system for
motor vehicles propelled in whole or in part by
electricity. The property covered by this paragraph
must be new, and must not have been previously
installed or used to refuel vehicles powered by
compressed natural gas, liquefied natural gas or
liquefied petroleum gas, hydrogen or electricity.

Any property covered by this paragraph which is related to the
delivery of hydrogen into the fuel tank of a motor vehicle shall
only be eligible for tax year 2010; or

4. Property which is directly related to the compression and
delivery of natural gas from a private home or residence, for
noncommercial purposes, into the fuel tank of a motor vehicle
propelled by compressed natural gas. The property covered by this
paragraph must be new and must not have been previously installed or
used to refuel vehicles powered by natural gas.
C. As used in this section, "motor vehicle" means a motor vehicle originally designed by the manufacturer to operate lawfully and principally on streets and highways.

D. The credit provided for in subsection A of this section shall be as follows:

1. After the effective date of this act, for the qualified clean-burning motor vehicle fuel property defined in paragraph 1 or 2 of subsection B of this section, forty-five percent (45%) of the cost of the qualified clean-burning motor vehicle fuel property;

2. For qualified clean-burning motor vehicle fuel property defined in paragraph 3 of subsection B of this section, a per-location credit of seventy-five percent (75%) of the cost of the qualified clean-burning motor vehicle fuel property; and

3. For qualified clean-burning motor vehicle fuel property defined in paragraph 4 of subsection B of this section, a per-location credit of the lesser of fifty percent (50%) of the cost of the qualified clean-burning motor vehicle fuel property or Two Thousand Five Hundred Dollars ($2,500.00).

E. In cases where no credit has been claimed pursuant to paragraph 1 of subsection D of this section by any prior owner and in which a motor vehicle is purchased by a taxpayer with qualified clean-burning motor vehicle fuel property installed by the manufacturer of such motor vehicle and the taxpayer is unable or
elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount not exceeding the lesser of ten percent (10%) of the cost of the motor vehicle or One Thousand Five Hundred Dollars ($1,500.00).

F. If the tax credit allowed pursuant to subsection A of this section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of the credit not used as an offset against the income taxes of a taxable year may be carried forward as a credit against subsequent income tax liability for a period not to exceed five (5) years.

G. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half (1/2) of the tax credit that would have been allowed for a joint return.

H. The Oklahoma Tax Commission is herein empowered to promulgate rules by which the purpose of this section shall be administered, including the power to establish and enforce penalties for violations thereof.

I. Notwithstanding the provisions of Section 2352 of this title, for the fiscal year beginning on July 1, 2014, and each fiscal year thereafter, the Tax Commission shall calculate an amount that equals five percent (5%) of the cost of qualified clean-burning motor vehicle fuel property as provided for in paragraph 1 of subsection D of this section for tax year 2012. For each subsequent
fiscal year thereafter, the Tax Commission shall perform the same
computation with respect to the second tax year preceding the
beginning of each subsequent fiscal year. The Tax Commission shall
then transfer an amount equal to the amount calculated in this
subsection from the revenue derived pursuant to the provisions of
subsections A, B and E of Section 2355 of this title to the
Compressed Natural Gas Conversion Safety and Regulation Fund created
in Section 13 of this act.

J. The credit otherwise authorized by the provisions of this
section shall be reduced by twenty-five percent (25%) for any
taxable year which begins on or after January 1, 2018, and ends on
or before December 31, 2019. The provisions of this subsection
shall not be applicable to tax credits carried forward from any tax
year which began prior to January 1, 2018.

SECTION 3. AMENDATORY 68 O.S. 2011, Section 2357.32A, as
last amended by Section 1, Chapter 44, O.S.L. 2017 (68 O.S. Supp.
2017, Section 2357.32A), is amended to read as follows:

Section 2357.32A. A. Except as otherwise provided in
subsection H of this section, for tax years beginning on or after
January 1, 2003, there shall be allowed a credit against the tax
imposed by Section 2355 of this title to a taxpayer for the
taxpayer's production and sale to an unrelated person of electricity
generated by zero-emission facilities located in this state. As
used in this section:
1. "Electricity generated by zero-emission facilities" means electricity that is exclusively produced by any facility located in this state with a rated production capacity of one megawatt (1 mw) or greater, constructed for the generation of electricity and placed in operation after June 4, 2001, and with respect to electricity generated by wind for any facility placed in operation not later than July 1, 2017, which utilizes eligible renewable resources as its fuel source. The construction and operation of such facilities shall result in no pollution or emissions that are or may be harmful to the environment, pursuant to a determination by the Department of Environmental Quality; and

2. "Eligible renewable resources" means resources derived from:
   a. wind,
   b. moving water,
   c. sun, or
   d. geothermal energy.

B. For facilities placed in operation on or after January 1, 2003, and before January 1, 2007, the amount of the credit for the electricity generated on or after January 1, 2003, but prior to January 1, 2004, shall be seventy-five one-hundredths of one cent ($0.0075) for each kilowatt-hour of electricity generated by zero-emission facilities. For electricity generated on or after January 1, 2004, but prior to January 1, 2007, the amount of the credit shall be fifty one-hundredths of one cent ($0.0050) per kilowatt-
hour for electricity generated by zero-emission facilities. For electricity generated on or after January 1, 2007, but prior to January 1, 2012, the amount of the credit shall be twenty-five one-hundredths of one cent ($0.0025) per kilowatt-hour of electricity generated by zero-emission facilities. For facilities placed in operation on or after January 1, 2007, and before January 1, 2021, or with respect to electricity generated by wind for any facility placed in operation not later than July 1, 2017, the amount of the credit for the electricity generated on or after January 1, 2007, but not including electricity generated on or after January 1, 2018, and before January 1, 2020, shall be fifty one-hundredths of one cent ($0.0050) for each kilowatt-hour of electricity generated by zero-emission facilities. For facilities placed in operation on or after January 1, 2007, and before January 1, 2021, or with respect to electricity generated by wind for any facility placed in operation not later than July 1, 2017, the amount of the credit for the electricity generated on or after January 1, 2018, and before January 1, 2020, shall be three hundred seventy-five one-thousandths of one cent ($0.00375) for each kilowatt-hour of electricity generated by zero-emission facilities.

C. Credits may be claimed with respect to electricity generated on or after January 1, 2003, during a ten-year period following the date that the facility is placed in operation on or after June 4, 2001.
D. 1. For credits generated prior to January 1, 2014, if the credit allowed pursuant to this section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of the credit allowed but not used in any tax year may be carried forward as a credit against subsequent income tax liability for a period not exceeding ten (10) years.

2. For credits generated, but not used, on or after January 1, 2014, the Oklahoma Tax Commission shall refund, at the taxpayer's election, directly to the taxpayer eighty-five percent (85%) of the face amount of such credits. The direct refund of the credits pursuant to this paragraph shall be available to all taxpayers, including, without limitation, pass-through entities and taxpayers subject to Section 2355 of this title, but shall not be available to any entities falling within the provisions of subsection E of this section. The amount of any direct refund of credits actually received at the eighty-five percent (85%) level by the taxpayer pursuant to this paragraph shall not be subject to the tax imposed by Section 2355 of this title. If the pass-through entity does not file a claim for a direct refund, the pass-through entity shall allocate the credit to one or more of the shareholders, partners or members of the pass-through entity; provided, the total of all credits refunded or allocated shall not exceed the amount of the credit or refund to which the pass-through entity is entitled. For the purposes of this paragraph, "pass-through entity" means a
corporation that for the applicable tax year is treated as an S corporation under the Internal Revenue Code of 1986, as amended, general partnership, limited partnership, limited liability partnership, trust or limited liability company that for the applicable tax year is not taxed as a corporation for federal income tax purposes.

E. Any nontaxable entities, including agencies of the State of Oklahoma or political subdivisions thereof, shall be eligible to establish a transferable tax credit in the amount provided in subsection B of this section. Such tax credit shall be a property right available to a state agency or political subdivision of this state to transfer or sell to a taxable entity, whether individual or corporate, who shall have an actual or anticipated income tax liability under Section 2355 of this title. These tax credit provisions are authorized as an incentive to the State of Oklahoma, its agencies and political subdivisions to encourage the expenditure of funds in the development, construction and utilization of electricity from zero-emission facilities as defined in subsection A of this section.

F. For credits generated prior to January 1, 2014, the amount of the credit allowed, but not used, shall be freely transferable at any time during the ten (10) years following the year of qualification. Any person to whom or to which a tax credit is transferred shall have only such rights to claim and use the credit
under the terms that would have applied to the entity by whom or by which the tax credit was transferred. The provisions of this subsection shall not limit the ability of a tax credit transferee to reduce the tax liability of the transferee, regardless of the actual tax liability of the tax credit transferor, for the relevant taxable period. The transferor initially allowed the credit and any subsequent transferees shall jointly file a copy of any written transfer agreement with the Oklahoma Tax Commission within thirty (30) days of the transfer. The written agreement shall contain the name, address and taxpayer identification number or social security number of the parties to the transfer, the amount of the credit being transferred, the year the credit was originally allowed to the transferor, and the tax year or years for which the credit may be claimed. The Tax Commission may promulgate rules to permit verification of the validity and timeliness of the tax credit claimed upon a tax return pursuant to this subsection but shall not promulgate any rules that unduly restrict or hinder the transfers of such tax credit. The tax credit allowed by this section, upon the election of the taxpayer, may be claimed as a payment of tax, a prepayment of tax or a payment of estimated tax for purposes of Section 1803 or Section 2355 of this title.

G. For electricity generation produced and sold in a calendar year, the tax credit allowed by the provisions of this section, upon election of the taxpayer, shall be treated and may be claimed as a
payment of tax, a prepayment of tax or a payment of estimated tax for purposes of Section 2355 of this title on or after July 1 of the following calendar year.

H. No credit otherwise authorized by the provisions of this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, for which the credit would otherwise be allowable until the provisions of this subsection shall cease to be operative on July 1, 2011. Beginning July 1, 2011, the credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, according to the provisions of this section. Any tax credits which accrue during the period of July 1, 2010, through June 30, 2011, may not be claimed for any period prior to the taxable year beginning January 1, 2012. No credits which accrue during the period of July 1, 2010, through June 30, 2011, may be used to file an amended tax return for any taxable year prior to the taxable year beginning January 1, 2012.

SECTION 4. AMENDATORY 68 O.S. 2011, Section 2357.41, is amended to read as follows:

Section 2357.41. A. Except as otherwise provided by subsection I of this section, for tax years beginning after December 31, 2000, there shall be allowed a credit against the tax imposed by Sections 2355 and 2370 of this title or that portion of the tax imposed by Section 624 or 628 of Title 36 of the Oklahoma Statutes that would
otherwise have been apportioned to the General Revenue Fund for qualified rehabilitation expenditures incurred in connection with any certified historic hotel or historic newspaper plant building located in an increment or incentive district created pursuant to the Local Development Act or for qualified rehabilitation expenditures incurred after January 1, 2006, in connection with any certified historic structure.

B. The Except as otherwise provided for in subsection J, the amount of the credit shall be one hundred percent (100%) of the federal rehabilitation credit provided for in Section 47 of Title 26 of the United States Code. The credit authorized by this section may be claimed at any time after the relevant local governmental body responsible for doing so issues a certificate of occupancy or other document that is a precondition for the applicable use of the building or structure that is the basis upon which the credit authorized by this section is claimed.

C. All requirements with respect to qualification for the credit authorized by Section 47 of Title 26 of the United States Code shall be applicable to the credit authorized by this section.

D. If the credit allowed pursuant to this section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of the credit allowed but not used in any taxable year may be carried forward as a credit.
against subsequent income tax liability for a period not exceeding ten (10) years following the qualified expenditures.

E. All rehabilitation work to which the credit may be applied shall be reviewed by the State Historic Preservation Office which will in turn forward the information to the National Park Service for certification in accordance with 36 C.F.R., Part 67. A certified historic structure may be rehabilitated for any lawful use or uses, including without limitation mixed uses and still retain eligibility for the credit provided for in this section.

F. The amount of the credit allowed for any credit claimed for a certified historic hotel or historic newspaper plant building or any certified historic structure, but not used, shall be freely transferable, in whole or in part, to subsequent transferees at any time during the five (5) years following the year of qualification. Any person to whom or to which a tax credit is transferred shall have only such rights to claim and use the credit under the terms that would have applied to the entity by whom or by which the tax credit was transferred. The provisions of this subsection shall not limit the ability of a tax credit transferee to reduce the tax liability of the transferee regardless of the actual tax liability of the tax credit transferor for the relevant taxable period. The transferor of the credit and the transferee shall jointly file a copy of the written credit transfer agreement with the Oklahoma Tax Commission within thirty (30) days of the transfer. Such filing of
the written credit transfer agreement with the Oklahoma Tax
Commission shall perfect such transfer. The written agreement shall
contain the name, address and taxpayer identification number of the
parties to the transfer, the amount of credit being transferred, the
year the credit was originally allowed to the transferor, the tax
year or years for which the credit may be claimed, and a
representation by the transferor that the transferor has neither
claimed for its own behalf nor conveyed such credits to any other
transferee. The Tax Commission shall develop a standard form for
use by subsequent transferees of the credit demonstrating
eligibility for the transferee to reduce its applicable tax
liabilities resulting from ownership of the credit. The Tax
Commission shall develop a system to record and track the transfers
of the credit and certify the ownership of the credit and may
promulgate rules to permit verification of the validity and
timeliness of a tax credit claimed upon a tax return pursuant to
this subsection but shall not promulgate any rules which unduly
restrict or hinder the transfers of such tax credit.

G. Notwithstanding any other provisions in this section, on or
after January 1, 2009, if a credit allowed pursuant to this section
which has been transferred is subsequently reduced as the result of
an adjustment by the Internal Revenue Service, Tax Commission, or
any other applicable government agency, only the transferor
originally allowed the credit and not any subsequent transferee of
the credit, shall be held liable to repay any amount of disallowed credit.

H. As used in this section:

1. "Certified historic hotel or historic newspaper plant building" means a hotel or newspaper plant building that is listed on the National Register of Historic Places within thirty (30) months of taking the credit pursuant to this section.

2. "Certified historic structure" means a building that is listed on the National Register of Historic Places within thirty (30) months of taking the credit pursuant to this section or a building located in Oklahoma which is certified by the State Historic Preservation Office as contributing to the historic significance of a certified historic district listed on the National Register of Historic Places, or a local district that has been certified by the State Historic Preservation Office as eligible for listing in the National Register of Historic Places; and

3. "Qualified rehabilitation expenditures" means capital expenditures that qualify for the federal rehabilitation credit provided in Section 47 of Title 26 of the United States Code and that were paid after December 31, 2000. Qualified rehabilitation expenditures do not include capital expenditures for nonhistoric additions except an addition that is required by state or federal regulations that relate to safety or accessibility. In addition,
qualified rehabilitation expenditures do not include expenditures related to the cost of acquisition of the property.

I. No credit otherwise authorized by the provisions of this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, for which the credit would otherwise be allowable until the provisions of this subsection shall cease to be operative on July 1, 2012. Beginning July 1, 2012, the credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, according to the provisions of this section. Any tax credits which accrue during the period of July 1, 2010, through June 30, 2012, may not be claimed for any period prior to the taxable year beginning January 1, 2012. No credits which accrue during the period of July 1, 2010, through June 30, 2012, may be used to file an amended tax return for any taxable year prior to the taxable year beginning January 1, 2012.

J. The credit otherwise authorized by the provisions of this section shall be reduced by twenty-five percent (25%) for any taxable year which begins on or after January 1, 2018, and ends before January 1, 2020. The provisions of this subsection shall not be applicable to tax credits carried forward from any tax year which began prior to January 1, 2018.

SECTION 5. AMENDATORY 68 O.S. 2011, Section 2357.45, is amended to read as follows:
Section 2357.45. A. 1. For tax years beginning after December 31, 2004, there shall be allowed against the tax imposed by Section 2355 of this title, a credit for any taxpayer who makes a donation to an independent biomedical research institute and for tax years beginning after December 31, 2010, a credit for any taxpayer who makes a donation to a cancer research institute.

2. The credit authorized by paragraph 1 of this subsection shall be limited as follows:

   a. for calendar year 2007 and all subsequent years, but not including tax years beginning on or after January 1, 2018, and ending before January 1, 2020, the credit percentage, not to exceed fifty percent (50%), shall be adjusted annually so that the total estimate of the credits does not exceed Two Million Dollars ($2,000,000.00) annually. The formula to be used for the percentage adjusted shall be fifty percent (50%) times One Million Dollars ($1,000,000.00) divided by the credits claimed in the preceding year for each donation to an independent biomedical research institute and fifty percent (50%) times One Million Dollars ($1,000,000.00) divided by the credits claimed in the preceding year for each donation to a cancer research institute,
b. for tax years beginning on or after January 1, 2018, and ending before January 1, 2020, the credit percentage, not to exceed thirty-seven and five tenths percent (37.5%), shall be adjusted annually so that the total estimate of the credits does not exceed One Million Five Hundred Thousand Dollars ($1,500,000.00) annually. The formula to be used for the percentage adjusted shall be thirty-seven and five tenths percent (37.5%) times One Million Dollars Seven Hundred Fifty Thousand Dollars ($750,000.00) divided by the credits claimed in the preceding year for each donation to an independent biomedical research institute and thirty-seven and five tenths percent (37.5%) times Seven Hundred Fifty Thousand Dollars ($750,000.00) divided by the credits claimed in the preceding year for each donation to a cancer research institute,

c. in no event shall a taxpayer claim more than one credit for a donation to any independent biomedical research institute and one credit for a donation to a cancer research institute in each taxable year nor shall the credit exceed One Thousand Dollars ($1,000.00) for each taxpayer for each type of donation,
e. for tax year 2011, no more than Fifty Thousand Dollars ($50,000.00) in total tax credits for donations to a cancer research institute shall be allowed,

f. in no event shall more than fifty percent (50%) of the Two Million Dollars ($2,000,000.00) in total tax credits authorized by this section, for any calendar year after the effective date of this act, be allocated for credits for donations to a cancer research institute, and

g. in the event the total tax credits authorized by this section exceed One Million Dollars ($1,000,000.00) in any calendar year for either a cancer research institute or an independent biomedical research institute, the Oklahoma Tax Commission shall permit any excess over One Million Dollars ($1,000,000.00) but shall factor such excess into the percentage adjustment formula for subsequent years for that type of donation. However, any such adjustment to the formula for donations to an independent biomedical research institute shall not affect the formula for donations to a cancer research institute, and any such adjustment to the formula for donations to a cancer research institute shall not affect the
formula for donations to an independent biomedical research institute.

3. For purposes of this section, "independent biomedical research institute" means an organization which is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) whose primary focus is conducting peer-reviewed basic biomedical research. The organization shall:
   a. have a board of directors,
   b. be able to accept grants in its own name,
   c. be an identifiable institute that has its own employees and administrative staff, and
   d. receive at least Fifteen Million Dollars ($15,000,000.00) in National Institute of Health funding each year.

4. For purposes of this section, "cancer research institute" means an organization which is exempt from taxation pursuant to the Internal Revenue Code and whose primary focus is raising the standard of cancer clinical care in Oklahoma through peer-reviewed cancer research and education or a not-for-profit supporting organization, as that term is defined by the Internal Revenue Code, affiliated with a tax-exempt organization whose primary focus is raising the standard of cancer clinical care in Oklahoma through peer-reviewed cancer research and education. The tax-exempt
organization whose primary focus is raising the standard of cancer clinical care in Oklahoma through peer-reviewed cancer research and education shall:

a. either be an independent research institute or a program that is part of a state university which is a member of The Oklahoma State System of Higher Education, and

b. receive at least Four Million Dollars ($4,000,000.00) in National Cancer Institute funding each year.

B. In no event shall the amount of the credit exceed the amount of any tax liability of the taxpayer.

C. Any credits allowed but not used in any tax year may be carried over, in order, to each of the four (4) years following the year of qualification.

D. The Tax Commission shall have the authority to prescribe forms for purposes of claiming the credit authorized by this section.

SECTION 6. AMENDATORY 68 O.S. 2011, Section 2357.206, as last amended by Section 1, Chapter 288, O.S.L. 2017 (68 O.S. Supp. 2017, Section 2357.206), is amended to read as follows:

Section 2357.206. A. This act shall be known and may be cited as the "Oklahoma Equal Opportunity Education Scholarship Act".

B. 1. Except as provided in subsections F and M of this section, after August 26, 2011, there shall be allowed a credit
for any taxpayer who makes a contribution to an eligible scholarship-granting organization. The credit shall be equal to fifty percent (50%) of the total amount of contributions made during a taxable year, not to exceed One Thousand Dollars ($1,000.00) for single individuals, Two Thousand Dollars ($2,000.00) for married individuals filing jointly, or One Hundred Thousand Dollars ($100,000.00) for any taxpayer which is a legal business entity including limited and general partnerships, corporations, subchapter S corporations and limited liability companies; provided, if total credits claimed pursuant to this paragraph exceed the caps established pursuant to paragraph 1 of subsection D of this section, the credit shall be equal to the taxpayer's proportionate share of the cap for the taxable year, as determined pursuant to subsection H of this section.

2. For any taxpayer who makes a contribution to an eligible scholarship-granting organization and makes a written commitment to contribute the same amount for an additional year, the credit for the first year and the additional year shall be equal to seventy-five percent (75%) of the total amount of the contribution made during a taxable year, not to exceed the amounts established in paragraph 1 of this subsection for the taxable year in which the credit provided in this subsection is claimed. The taxpayer shall provide evidence of the written commitment to the Oklahoma Tax Commission at the time of filing the refund claim.
3. The credits authorized pursuant to the provisions of this subsection shall be allocable to the partners, shareholders, members or other equity owners of a taxpayer that is authorized to be treated as a partnership for purposes of federal income tax reporting for the taxable year for which the tax credits authorized by this subsection are claimed on the applicable return, together with required schedules, forms or reports of the partners, shareholders, members or other equity owners of the taxpayer. Tax credits which are allocated to such equity owners shall only be limited in amount for the income tax return of a natural person or persons based upon the limitation of the total credit amount to the entity from which the tax credits have been allocated and shall not be limited to One Thousand Dollars ($1,000.00) for single individuals or limited to Two Thousand Dollars ($2,000.00) for married persons filing a joint return.

4. On or before December 31, 2017, and once every four (4) years thereafter, such scholarship-granting organization and educational improvement granting organization shall submit to the Governor, President Pro Tempore of the Senate and the Speaker of the House of Representatives, an audited financial statement for the organization along with information detailing the benefits, successes or failures of the program.

C. 1. Except as provided in subsection subsections F and M of this section, after August 26, 2011, there shall be allowed a credit
for any taxpayer who makes a contribution to an eligible educational improvement grant organization. The credit shall be equal to fifty percent (50%) of the total amount of contributions made during a taxable year, not to exceed One Thousand Dollars ($1,000.00) for single individuals, Two Thousand Dollars ($2,000.00) for married individuals filing jointly, or One Hundred Thousand Dollars ($100,000.00) for any taxpayer which is a legal business entity including limited and general partnerships, corporations, subchapter S corporations and limited liability companies; provided, if total credits claimed pursuant to this paragraph exceed the cap established pursuant to paragraph 1 of subsection D of this section, the credit shall be equal to the taxpayer's proportionate share of the cap for the taxable year, as determined pursuant to subsection H of this section.

2. For any taxpayer who makes a contribution to an eligible educational improvement grant organization and makes a written commitment to contribute the same amount for an additional year, the credit for the first year and the additional year shall be equal to seventy-five percent (75%) of the total amount of the contribution made during a taxable year, not to exceed the amounts established in paragraph 1 of this subsection for the taxable year in which the credit provided in this subsection is claimed; provided, if total credits claimed pursuant to this paragraph exceed the cap established pursuant to paragraph 3 of this subsection, the credit
shall be equal to the taxpayer's proportionate share of the cap for
the taxable year, as determined pursuant to subsection H of this
section. The taxpayer shall provide evidence of the written
commitment to the Oklahoma Tax Commission at the time of filing the
refund claim.

3. The credits authorized pursuant to the provisions of this
subsection shall be allocable to the partners, shareholders, members
or other equity owners of a taxpayer that is authorized to be
treated as a partnership for purposes of federal income tax
reporting for the taxable year for which the tax credits authorized
by this subsection are claimed on the applicable return, together
with required schedules, forms or reports of the partners,
shareholders, members or other equity owners of the taxpayer. Tax
credits which are allocated to such equity owners shall only be
limited in amount for the income tax return of a natural person or
persons based upon the limitation of the total credit amount to the
entity from which the tax credits have been allocated and shall not
be limited to One Thousand Dollars ($1,000.00) for single
individuals or limited to Two Thousand Dollars ($2,000.00) for
married persons filing a joint return.

D. Except as otherwise provided pursuant to subsection H of
this section, for tax years 2017 and thereafter:
1. The total credits authorized pursuant to subsection B of this section for all taxpayers shall not exceed Three Million Five Hundred Thousand Dollars ($3,500,000.00) annually;

2. The total credits authorized pursuant to subsection C of this section for all taxpayers shall not exceed One Million Five Hundred Thousand Dollars ($1,500,000.00) annually; and

3. The cap on total credits provided for in this subsection shall be allocated by the Tax Commission as provided in subsection H of this section.

E. For credits claimed for eligible contributions made during tax year 2014 and thereafter, a credit shall not be allowed by the Oklahoma Tax Commission for contributions made to a scholarship-granting organization or an educational improvement grant organization if that organization's percentage of funds actually awarded is less than ninety percent (90%). For purposes of this section, the "percentage of funds actually awarded" shall be determined by dividing the total amount of funds actually awarded as educational scholarships or educational improvement grants over the most recent twenty-four (24) months by the total amount available to award as educational scholarships or educational improvement grants over the most recent twenty-four (24) months.

F. Any tax credits which are earned by a taxpayer pursuant to this section during the time period beginning on the effective date of this act through December 31, 2012, may not be claimed for any
period prior to the taxable year beginning January 1, 2013. No
credits which accrue during the time period beginning on the
effective date of this act through December 31, 2012, may be used to
file an amended tax return for any taxable year prior to the taxable
year beginning January 1, 2013.

G. As used in this section:

1. "Eligible student" means a child of school age who is
   lawfully present in the United States and who is a member of a
   household in which the total annual income during the preceding tax
   year does not exceed an amount equal to three hundred percent (300%)  
of the income standard used to qualify for a free or reduced school
   lunch or who, during the immediately preceding school year, attended
   or, by virtue of the location of such student's place of residence, 
   was eligible to attend a public school in this state which has been
   identified for school improvement as determined by the State Board
   of Education pursuant to the requirements of the No Child Left
   Behind Act of 2001, P.L. No. 107-110. Once a student has received
   an educational scholarship, as defined in paragraph 3 of this
   subsection, the student and any siblings who are members of the same
   household shall remain eligible until they graduate from high school
   or reach twenty-one (21) years of age, whichever occurs first;

2. "Eligible special needs student" means a child who has been
   provided services under an Individual Family Service Plan through
   the SoonerStart program and during transition was evaluated and
determined to be eligible for school district services, a child of school age who has attended public school in our state with an individualized education program pursuant to the Individuals With Disabilities Education Act, 20 U.S.C.A., Section 1400 et seq. or a child who has been diagnosed by a clinical professional as having a significant disability that will affect learning and who has been approved by the board of a scholarship-granting organization;

3. "Educational scholarships" means:
   a. scholarships to an eligible student of up to Five Thousand Dollars ($5,000.00) or eighty percent (80%) of the statewide annual average per-pupil expenditure as determined by the National Center for Education Statistics, U.S. Department of Education, whichever is greater, to cover all or part of the tuition, fees and transportation costs of a qualified school which is accredited by the State Board of Education or an accrediting association approved by the Board pursuant to Section 3-104 of Title 70 of the Oklahoma Statutes,
   b. scholarships to an eligible student of up to Five Thousand Dollars ($5,000.00) or eighty percent (80%) of the statewide annual average per-pupil expenditure as determined by the National Center for Education Statistics, U.S. Department of Education, whichever is greater, to cover the educational costs of a qualified
school which does not charge tuition, which enrolls special populations of students and which is accredited by the State Board of Education or an accrediting association approved by the Board pursuant to Section 3-104 of Title 70 of the Oklahoma Statutes, or

c. scholarships to an eligible special needs student of up to Twenty-five Thousand Dollars ($25,000.00) to cover all or part of the tuition, fees and transportation costs of a qualified school for eligible special needs students which is accredited by the State Board of Education or an accrediting association approved by the Board pursuant to Section 3-104 of Title 70 of the Oklahoma Statutes;

4. "Low-income eligible student" means an eligible student or eligible special needs student who qualifies for a free or reduced-price lunch;

5. "Qualified school" means an early childhood, elementary or secondary private school in this state, including schools which provide special educational programs for three-year-olds or prekindergarten educational programs for four-year-olds, which:

   a. is accredited by the State Board of Education or an accrediting association approved by the Board pursuant to Section 3-104 of Title 70 of the Oklahoma Statutes,
b. is in compliance with all applicable health and safety laws and codes,

c. has a stated policy against discrimination in admissions on the basis of race, color, national origin or disability, and
d. ensures academic accountability to parents and guardians of students through regular progress reports;

6. "Qualified school for eligible special needs students" means an early childhood, elementary or secondary private school in a county in this state, including schools which provide special educational programs for three-year-olds or prekindergarten educational programs for four-year-olds;

7. "Scholarship-granting organization" means an organization which:

a. is a nonprofit entity exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
b. distributes periodic scholarship payments as checks made out to an eligible student's or eligible special needs student's parent or guardian and mailed to the qualified school where the student is enrolled,
c. spends no more than ten percent (10%) of its annual revenue on expenditures other than educational
scholarships as defined in paragraph 3 of this subsection,

d. spends each year a portion of its expenditures on educational scholarships for low-income eligible students, as defined in paragraph 4 of this subsection, in an amount equal to or greater than the percentage of low-income eligible students in the state,

e. ensures that scholarships are portable during the school year and can be used at any qualified school that accepts the eligible student or at any qualified school for special needs students that accepts the eligible special needs student,

f. registers with the Oklahoma Tax Commission as a scholarship-granting organization, and

g. has policies in place to:

(1) carry out criminal background checks on all employees and board members to ensure that no individual is involved with the organization who might reasonably pose a risk to the appropriate use of contributed funds, and

(2) maintain full and accurate records with respect to the receipt of contributions and expenditures of those contributions and supply such records
and any other documentation required by the Tax Commission to demonstrate financial accountability;

8. "Annual revenue" means the total amount or value of contributions received by an organization from taxpayers awarded credits during the organization's fiscal year and all amounts earned from interest or investments;

9. "Public school" means public schools as defined in Section 1-106 of Title 70 of the Oklahoma Statutes;

10. "Eligible school" means any public school that is not located within a ten-mile radius of a qualified school in this state, or any public school that is located within a ten-mile radius of a qualified school in this state but offers grade-level instruction different from the qualified school or any public school located within a public school district with fewer than four thousand five hundred (4,500) students;

11. "Early childhood education program" means a special educational program for eligible special needs students who are three (3) years of age or a prekindergarten educational program provided to children who are at least four (4) years of age but not more than five (5) years of age on or before September 1;

12. "Innovative educational program" means an advanced academic or academic improvement program that is not part of the regular coursework of a public school but that enhances the curriculum or
academic program of the school or provides early childhood education programs to students;

13. "Educational improvement grant" means a grant to an eligible public school to implement an innovative educational program for students, including the ability for multiple public schools to make an application and be awarded a grant to jointly provide an innovative educational program; and

14. "Educational improvement grant organization" means an organization which:

a. is a nonprofit entity exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and

b. contributes at least ninety percent (90%) of its annual receipts as grants to eligible schools for innovative educational programs. For purposes of this subparagraph, an educational improvement grant organization contributes its annual cash receipts when it expends or otherwise irrevocably encumbers those funds for expenditure during the then current fiscal year of the organization or during the next succeeding fiscal year of the organization.

H. Total credits authorized by this section shall be allocated as follows:
1. By January 10 of the year immediately following each calendar year, a scholarship-granting organization or an educational improvement grant organization which accepts contributions pursuant to this section shall provide electronically to the Tax Commission information on each contribution accepted during such taxable year. At least once each taxable year, the scholarship-granting organization or the educational improvement grant organization shall notify each contributor that Oklahoma law provides for a total, statewide cap on the amount of income tax credits allowed annually;

2. a. If the Tax Commission determines the total combined credits claimed for contributions made to scholarship-granting organizations during the most recently completed calendar year by all taxpayers are in excess of the statewide caps provided in paragraph 1 of subsection D of this section, the Tax Commission shall first allocate any amount of credits not claimed for contributions made to educational improvement-granting organizations, then shall determine the percentage of the contribution which establishes the proportionate share of the credit which may be claimed by any taxpayer so that the total maximum credits authorized by this section are not exceeded.

   b. If the Tax Commission determines the total combined credits claimed for contributions made to educational
improvement grant organizations during the most recently completed calendar year by all taxpayers are in excess of the statewide caps provided in paragraph 2 of subsection D of this section, the Tax Commission shall first allocate any amount of credits not claimed for contributions made to scholarship-granting organizations, then shall determine the percentage of the contribution which establishes the proportionate share of the credit which may be claimed by any taxpayer so that the maximum credits authorized by this section are not exceeded.

c. Beginning for tax year 2016, credits earned, but not allowed due to the application of statewide caps provided in subsection D of this section will be considered suspended and authorized to be used in the next immediate tax year and applied to the next year's statewide cap; and

3. The Tax Commission shall publish the percentage of the contribution which may be claimed as a credit by contributors for the most recently completed calendar year on the Tax Commission website no later than February 15 of each calendar year for contributions made the previous year. Each scholarship-granting organization or educational improvement grant organization shall notify contributors of that amount annually.
I. The credit authorized by this section shall not be used to reduce the tax liability of the taxpayer to less than zero (0).

J. Any credits allowed but not used in any tax year may be carried over, in order, to each of the three (3) years following the year of qualification.

K. 1. In order to qualify under this section, an educational improvement grant organization shall submit an application with information to the Oklahoma Tax Commission on a form prescribed by the Tax Commission that:

   a. enables the Tax Commission to confirm that the organization is a nonprofit entity exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and

   b. describes the proposed innovative educational program or programs supported by the organization.

2. The Tax Commission shall review and approve or disapprove the application, in consultation with the State Department of Education.

3. In order to maintain eligibility under this section, an educational improvement grant organization shall annually report the following information to the Tax Commission by September 1 of each year:

   a. the name of the innovative educational program or programs and the total amount of the grant or grants
made to those programs during the immediately preceding school year,

b. a description of how each grant was utilized during the immediately preceding school year and a description of any demonstrated or expected innovative educational improvements,

c. the names of the public school and school districts where innovative educational programs that received grants during the immediately preceding school year were implemented,

d. where the organization collects information on a county-by-county basis, and

e. the total number and total amount of grants made during the immediately preceding school year for innovative educational programs at public school by each county in which the organization made grants.

4. The information required under paragraph 3 of this subsection shall be submitted on a form provided by the Tax Commission. No later than May 1 of each year, the Tax Commission shall annually distribute sample forms together with the forms on which the reports are required to be made to each approved organization.
5. The Tax Commission shall not require any other information be provided by an organization, except as expressly authorized in this section.

L. In consultation with the State Department of Education, the Tax Commission shall promulgate rules necessary to implement this act. The rules shall include procedures for the registration of a scholarship-granting organization or an educational improvement grant organization for purposes of determining if the organization meets the requirements of this act or for the revocation of the registration of an organization, if applicable, and for notice as required in subsection H of this section.

M. The credit otherwise authorized by the provisions of this section shall be reduced by twenty-five percent (25%) for any taxable year which begins on or after January 1, 2018, and ends before January 1, 2020. The provisions of this subsection shall not be applicable to tax credits carried forward from any tax year which began prior to January 1, 2018.

SECTION 7. AMENDATORY 68 O.S. 2011, Section 2357.302, as last amended by Section 1, Chapter 153, O.S.L. 2017 (68 O.S. Supp. 2017, Section 2357.302), is amended to read as follows:

Section 2357.302. A. Except as provided in subsection subsections F and G of this section, for taxable years beginning after December 31, 2008, and ending before January 1, 2026, a qualified employer shall be allowed a credit against the tax imposed
pursuant to Section 2355 of this title for tuition reimbursed to a qualified employee.

B. The credit authorized by subsection A of this section may be claimed only if the qualified employee has been awarded an undergraduate or graduate degree within one (1) year of commencing employment with the qualified employer.

C. The credit authorized by subsection A of this section shall be in the amount of fifty percent (50%) of the tuition reimbursed to a qualified employee for the first through fourth years of employment. In no event shall this credit exceed fifty percent (50%) of the average annual amount paid by a qualified employee for enrollment and instruction in a qualified program at a public institution in Oklahoma.

D. The credit authorized by subsection A of this section shall not be used to reduce the tax liability of the qualified employer to less than zero (0).

E. No credit authorized by this section shall be claimed after the fourth year of employment.

F. No credit otherwise authorized by the provisions of this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, for which the credit would otherwise be allowable. The provisions of this subsection shall cease to be operative on July 1, 2011. Beginning July 1, 2011, the credit authorized by this section may be
claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2011, according to the provisions of this section.

G. The credit authorized by subsection A of this section shall, for taxable years beginning on or after January 1, 2018, and ending before January 1, 2020, be in the amount of thirty-seven and five tenths percent (37.5%) of the tuition reimbursed to a qualified employee for the first through fourth years of employment. In no event shall this credit exceed thirty-seven and five tenths percent (37.5%) of the average annual amount paid by a qualified employee for enrollment and instruction in a qualified program at a public institution in Oklahoma.

SECTION 8. AMENDATORY 68 O.S. 2011, Section 2357.303, as last amended by Section 2, Chapter 153, O.S.L. 2017 (68 O.S. Supp. 2017, Section 2357.303), is amended to read as follows:

Section 2357.303. A. Except as provided in subsections F and G of this section, for taxable years beginning after December 31, 2008, and ending before January 1, 2026, a qualified employer shall be allowed a credit against the tax imposed pursuant to Section 2355 of this title for compensation paid to a qualified employee.

B. The credit authorized by subsection A of this section shall be in the amount of:
1. Ten percent (10%) of the compensation paid for the first through fifth years of employment in the aerospace sector if the qualified employee graduated from an institution located in this state; or

2. Five percent (5%) of the compensation paid for the first through fifth years of employment in the aerospace sector if the qualified employee graduated from an institution located outside this state.

C. The credit authorized by this section shall not exceed Twelve Thousand Five Hundred Dollars ($12,500.00) for each qualified employee annually.

D. The credit authorized by this section shall not be used to reduce the tax liability of the qualified employer to less than zero (0).

E. No credit authorized pursuant to this section shall be claimed after the fifth year of employment.

F. No credit otherwise authorized by the provisions of this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, for which the credit would otherwise be allowable. The provisions of this subsection shall cease to be operative on July 1, 2011.

Beginning July 1, 2011, the credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other
act occurring on or after July 1, 2011, according to the provisions of this section.

G. For the taxable years beginning on or after January 1, 2018, and ending before January 1, 2020, the credit authorized by subsection A of this section shall be in the amount of:

1. Seven and five tenths percent (7.5%) of the compensation paid for the first through fifth years of employment in the aerospace sector if the qualified employee graduated from an institution located in this state; or

2. Three and seventy-five hundredths percent (3.75%) of the compensation paid for the first through fifth years of employment in the aerospace sector if the qualified employee graduated from an institution located outside this state.

SECTION 9. AMENDATORY 68 O.S. 2011, Section 2357.304, as last amended by Section 3, Chapter 153, O.S.L. 2017 (68 O.S. Supp. 2017, Section 2357.304), is amended to read as follows:

Section 2357.304. A. Except as provided in subsections D and E of this section, for taxable years beginning after December 31, 2008, and ending before January 1, 2026, a qualified employee shall be allowed a credit against the tax imposed pursuant to Section 2355 of this title of up to Five Thousand Dollars ($5,000.00) per year for a period of time not to exceed five (5) years.
B. The credit authorized by this section shall not be used to reduce the tax liability of the taxpayer to less than zero (0).

C. Any credit claimed, but not used, may be carried over, in order, to each of the five (5) subsequent taxable years.

D. No credit otherwise authorized by the provisions of this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2010, for which the credit would otherwise be allowable. The provisions of this subsection shall cease to be operative on July 1, 2011.

Beginning July 1, 2011, the credit authorized by this section may be claimed for any event, transaction, investment, expenditure or other act occurring on or after July 1, 2011, according to the provisions of this section.

E. The credit otherwise authorized by the provisions of this section shall be reduced by twenty-five percent (25%) for any taxable year which begins on or after January 1, 2018, and ends before January 1, 2020. The provisions of this subsection shall not be applicable to tax credits carried forward from any tax year which began prior to January 1, 2018.

SECTION 10. AMENDATORY Section 1, Chapter 421, O.S.L. 2014 (68 O.S. Supp. 2017, Section 2357.403), is amended to read as follows:

    Section 2357.403. A. This act shall be known and may be cited as the "Oklahoma Affordable Housing Act".
B. As used in this section:

1. "Allocation year" means the year for which the Oklahoma Housing Finance Agency allocates credits pursuant to this section;

2. "Eligibility statement" means a statement authorized and issued by the Oklahoma Housing Finance Agency certifying that a given project qualifies for the Oklahoma Affordable Housing Tax Credit authorized by this section. The Oklahoma Housing Finance Agency, under Title 330, Oklahoma Housing Finance Agency, Chapter 36, Affordable Housing Tax Credit Program Rules, shall promulgate rules establishing criteria upon which the eligibility statements will be issued. The eligibility statement shall specify the amount of Oklahoma Affordable Housing Tax Credits allocated to a qualified project. The Oklahoma Housing Finance Agency shall only authorize the tax credits created by this section to qualified projects which are placed in service after July 1, 2015, but which shall not be used to reduce tax liability accruing prior to January 1, 2016;

3. "Federal low-income housing tax credit" means the federal tax credit as provided in Section 42 of the Internal Revenue Code of 1986, as amended;

4. "Oklahoma Affordable Housing Tax Credit" means the tax credit created by this section;

5. "Qualified project" means a qualified low-income building as that term is defined in Section 42 of the Internal Revenue Code of 1986, as amended, which is located in this state in a county with a
population of less than one hundred fifty thousand (150,000)
according to the latest Federal Decennial Census; and

6. "Taxpayer" means a person, firm or corporation subject to the
tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes or
an insurance company subject to the tax imposed by Section 624 or
628 of Title 36 of the Oklahoma Statutes or other financial
institution subject to the tax imposed by Section 2370 of Title 68
of the Oklahoma Statutes.

C. Except as otherwise provided for in subsection L
qualified projects placed in service after July 1, 2015, the amount
of state tax credits created by this section which are allocated to a
project shall be equal to that of the federal low-income housing tax
credits for a qualified project. The total Oklahoma Affordable
Housing Tax Credits allocated to all qualified projects for an
allocation year shall not exceed Four Million Dollars
($4,000,000.00). For purposes of this section, the "credit period"
shall mean the period of ten (10) taxable years and "placed in
service" shall have the same meaning as is applicable under the
federal credit program.

D. A taxpayer owning an interest in an investment in a qualified
project shall be allowed Oklahoma Affordable Housing Tax Credits
under this section for tax years beginning on or after January 1,
2016, if the Oklahoma Housing Finance Agency issues an eligibility
statement for such project, which tax credit shall be allocated
among some or all of the partners, members or shareholders of the taxpayer owning such interest in any manner agreed to by such partners, members or shareholders. Such taxpayer may assign its interest in the investment.

E. An insurance company claiming a credit against state premium tax or retaliatory tax or any other tax imposed by Section 624 or 628 of Title 36 of the Oklahoma Statutes shall not be required to pay any additional retaliatory tax under Section 628 of Title 36 of the Oklahoma Statutes as a result of claiming the credit. The credit may fully offset any retaliatory tax imposed by Section 628 of Title 36 of the Oklahoma Statutes.

F. The credit authorized by this section shall not be used to reduce the tax liability of the taxpayer to less than zero ($0.00).

G. Any credit claimed but not used in a taxable year may be carried forward to each of the five (5) subsequent taxable years.

H. The owner of a qualified project eligible for the credit authorized by this section shall submit, at the time of filing the tax return with the Oklahoma Tax Commission, an eligibility statement from the Oklahoma Housing Finance Agency. In the case of failure to attach the eligibility statement, no credit under this section shall be allowed with respect to such project for that year until required documents are provided to the Tax Commission.

I. If under Section 42 of the Internal Revenue Code of 1986, as amended, a portion of any federal low-income housing credits taken on
a qualified project is required to be recaptured during the first ten (10) years after a project is placed in service, the taxpayer claiming Oklahoma Affordable Housing Tax Credits with respect to such project shall also be required to recapture a portion of such credits. The amount of Oklahoma Affordable Housing Tax Credits subject to recapture shall be proportionally equal to the amount of federal low-income housing credits subject to recapture.

J. The Oklahoma Housing Finance Agency or the Oklahoma Tax Commission may require the filing of additional documentation necessary to determine the accuracy of a tax credit claimed.

K. The Oklahoma Affordable Housing Act shall undergo a review every five (5) years by a committee of nine (9) persons, to be appointed three persons each by the Governor, President Pro Tempore of the Oklahoma State Senate and the Speaker of the Oklahoma House of Representatives.

L. The credit otherwise authorized by the provisions of this section shall be reduced by twenty-five percent (25%) for any taxable year which begins on or after January 1, 2018, and ends before January 2020. The provisions of this subsection shall not be applicable to tax credits carried forward from any tax year which began prior to January 1, 2018.

SECTION 11. AMENDATORY 68 O.S. 2011, Section 2370.1, as last amended by Section 1, Chapter 110, O.S.L. 2016 (68 O.S. Supp. 2017, Section 2370.1), is amended to read as follows:
Section 2370.1. A. There shall be allowed a credit against the tax imposed by
Section 2370 of this title for any state banking association, national banking association and credit union organized under the laws of this state for the amount of the guaranty fee paid by the banking association or credit union to the United States Small Business Administration pursuant to the "7(a)" loan guaranty program.

B. The credit authorized by this section may be claimed for guaranty fees paid on or after January 1, 2000, and before January 1, 2019.

C. No credit may be claimed pursuant to this section if, pursuant to the agreement between the banking association or credit union and the entity to which proceeds are made available, the banking association or credit union adds the amount of the SBA 7(a) loan guaranty fee to the amount financed by the borrower or in any other way recovers the guaranty fee amount from the borrower.

D. The credit authorized by this section may be claimed and if not fully used in the initial year for which the credit is claimed may be carried over, in order, to each of the five (5) succeeding taxable years. The credit authorized by this section may not be used to reduce the tax liability of the credit claimant below zero (0).
E. The Oklahoma Tax Commission shall prepare a report regarding the amount of tax credits claimed as authorized by this section. The report shall be submitted to the Speaker of the House of Representatives and to the President Pro Tempore of the Senate not later than March 31 of each year.

F. Pursuant to Section 46A of Title 62 of the Oklahoma Statutes, there shall be a measurable goal of retaining and/or creating two thousand jobs per year in Oklahoma for the credit against the tax imposed by Section 2370 of this title.

G. The credit otherwise authorized by the provisions of this section shall be reduced by twenty-five percent (25%) for any taxable year which begins on or after January 1, 2018, and ends before January 1, 2020. The provisions of this subsection shall not be applicable to tax credits carried forward from any tax year which began prior to January 1, 2018.

SECTION 12. AMENDATORY 68 O.S. 2011, Section 3624, as amended by Section 1, Chapter 121, O.S.L. 2017 (68 O.S. Supp. 2017, Section 3624), is amended to read as follows:

Section 3624. A. There is hereby created the Oklahoma Film Enhancement Rebate Program. A rebate in the amount of up to seventeen percent (17%) of documented expenditures made in Oklahoma directly attributable to the production of a film, television production, or television commercial, as defined in Section 3623 of this title, in this state, may be paid to the production company
responsible for the production. Provided, for documented expenditures made after July 1, 2009, but not including expenditures made after June 30, 2018, and before July 1, 2020, the rebate amount shall be thirty-five percent (35%), except as provided in subsection B of this section. For documented expenditures made after December 31, 2017, and before January 1, 2020, the rebate amount shall be twenty-six and twenty-five hundredths percent (26.25%), except as provided in subsection B of this section.

B. The amount of rebate paid to the production company as provided for in subsection A of this section shall be increased by an additional two percent (2%) of documented expenditures if a production company spends at least Twenty Thousand Dollars ($20,000.00) for the use of music created by an Oklahoma resident that is recorded in Oklahoma or for the cost of recording songs or music in Oklahoma for use in the production.

C. The rebate program shall be administered by the Office of the Oklahoma Film and Music Commission and the Oklahoma Tax Commission, as provided in the Compete with Canada Film Act.

D. To be eligible for a rebate payment:

1. The production company responsible for a film, television production, or television commercial, as defined in Section 3623 of this title, made in this state shall submit documentation to the Office of the Oklahoma Film and Music Commission of the amount of wages paid for employment in this state to residents of this state
directly relating to the production and the amount of other production costs incurred in this state directly relating to the production;

2. The production company has filed or will file any Oklahoma tax return or tax document which may be required by law;

3. Except major studio productions, the production company shall provide the name of the completion guarantor and a copy of the bond guaranteeing the completion of the project or if a film has not secured a completion bond, the production company shall provide evidence that all Oklahoma crew and local vendors have been paid and there are no liens against the production company pending in the state;

4. The minimum budget for the film shall be Fifty Thousand Dollars ($50,000.00) of which not less than Twenty-five Thousand Dollars ($25,000.00) shall be expended in this state;

5. The production company shall provide evidence of financing for production prior to the commencement of principal photography;

and

6. The production company shall provide evidence of a certificate of general liability insurance with a minimum coverage of One Million Dollars ($1,000,000.00) and a workers' compensation policy pursuant to state law, which shall include coverage of employer's liability.
E. A production company shall not be eligible to receive both a rebate payment pursuant to the provisions of this act and an exemption from sales taxes pursuant to the provisions of paragraph 21 of Section 1357 of this title. If a production company has received such an exemption from sales taxes and submits a claim for rebate pursuant to the provisions of the Compete with Canada Film Act, the company shall be required to fully repay the amount of the exemption to the Tax Commission. A claim for a rebate shall include documentation from the Tax Commission that repayment has been made as required herein or shall include an affidavit from the production company that the company has not received an exemption from sales taxes pursuant to the provisions of paragraph 21 of Section 1357 of this title.

F. The Office shall approve or disapprove all claims for rebate and shall notify the Tax Commission. The Tax Commission shall, upon notification of approval from the Office of the Film and Music Commission, issue payment for all approved claims from funds in the Oklahoma Film Enhancement Rebate Program Revolving Fund created in Section 3625 of this title. Provided, no claims for rebate for expenditures made on or after July 1, 2009, shall be paid prior to July 1, 2010. The amount of payments in any single fiscal year shall, not including fiscal year 2019 and fiscal year 2020, not exceed Four Million Dollars ($4,000,000.00). The amount of payments in fiscal year 2019 and fiscal year 2020 shall not exceed Three
Million Dollars ($3,000,000.00) for each fiscal year. If the amount of approved claims exceeds the amount specified in this subsection in a fiscal year, payments shall be made in the order in which the claims are approved by the Office. If an approved claim is not paid in whole or in part, the unpaid claim or unpaid portion may be paid in the following fiscal year subject to the limitations specified in this subsection.