

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 HOUSE BILL 3294

By: Newton

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; providing
8 income tax credit for certain beginning farmers or
9 ranchers; defining terms; specifying amount of tax
10 credit; specifying taxable years for which credit
11 claimable; prohibiting credit from reduction of tax
12 liability to less than specified amount; providing
13 for carryover; providing for codification; and
14 providing an effective date.

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

16 SECTION 1. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 2357.701 of Title 68, unless
18 there is created a duplication in numbering, reads as follows:

19 A. As used in this section:

20 1. "Beginning farmer" or "beginning rancher" means a person or
21 persons who:

22 a. derive at least seventy-five percent (75%) of their
23 gross income for any taxable year for which the credit
24 authorized by this section is claimed from:

1 (1) the sale of crops, including, but not limited to,
2 wheat, corn, rice, barley, sorghum, cotton,
3 peanuts and similar commodities, but excluding
4 marijuana or hemp or any plant that is unlawful
5 to cultivate pursuant to either federal or state
6 law or, if lawful to cultivate, is not violative
7 of federal or state requirements related to the
8 quantity of the marijuana or hemp or other plant
9 grown, or

10 (2) the raising of cattle, horses, sheep, goats,
11 swine, poultry, fish or other livestock whether
12 or not primarily for sale, and

13 b. filed or was required to file a Schedule F or its
14 equivalent or successor form as prescribed by the
15 Internal Revenue Code or the Internal Revenue Service
16 for the applicable tax year for which the credit
17 authorized by this section is claimed or, if the
18 farming or ranching operation was conducted in a form
19 by a business entity that could not file a Schedule F
20 with the federal income tax return for the same income
21 tax year for which the credit authorized by this
22 section is claimed, the partners or other equity
23 owners of the business entity were actively engaged in
24 the conduct and management of the farming or ranching

1 operation and the gross revenues reflected on the
2 applicable federal income tax return for the business
3 entity do not exceed One Hundred Thousand Dollars
4 (\$100,000.00), and

5 c. did not file a Schedule F, if the Schedule was
6 permitted, for any federal tax year prior to the first
7 year for which the credit authorized by this section
8 is claimed, or with respect to an entity that was not
9 allowed to file a Schedule F with the income tax
10 return, the business entity through which the farming
11 or ranching operation was conducted did not have gross
12 revenues in excess of One Hundred Thousand Dollars
13 (\$100,000.00) for the applicable income tax year prior
14 to the first year for which the credit authorized by
15 this section is claimed; and

16 2. "Schedule F" means the form used by the Internal Revenue
17 Service for purposes of reporting income from farming or ranching as
18 required by the Internal Revenue Code of 1986, as amended, or rules
19 prescribed pursuant thereto.

20 B. For taxable years beginning after December 31, 2020, and
21 ending not later than December 31, 2025, there shall be allowed a
22 credit against the tax imposed pursuant to Section 2355 of Title 68
23 of the Oklahoma Statutes for a beginning farmer or beginning rancher
24 in the amount of One Thousand Dollars (\$1,000.00) for single filing

1 status or Two Thousand Dollars (\$2,000.00) for a married filing
2 joint return filing status.

3 C. The credit authorized by this section may not be used to
4 reduce the tax liability of the taxpayer to less than zero (0).

5 D. To the extent not used the credit authorized by this section
6 may be carried over, in order, to each of the three (3) succeeding
7 taxable years.

8 E. In order to claim the credit authorized by this section the
9 beginning farmer or rancher, whether alone or in combination with
10 other natural persons who are also beginning farmers or ranchers,
11 shall be required to:

12 1. Hold title to the real property upon which the farming or
13 ranching activity is conducted that forms the basis of the income
14 test prescribed by subparagraph a of paragraph 1 of subsection A of
15 this section; or

16 2. Own fifty-one percent (51%) or more of the voting equity
17 interest in a general partnership, limited partnership, limited
18 liability partnership, corporation, limited liability company or
19 other business entity which holds title to the real property upon
20 which the farming or ranching activity is conducted that forms the
21 basis of the income test prescribed by subparagraph a of paragraph 1
22 of subsection A of this section; or

23 3. Be the beneficiary or beneficiaries of an express private
24 trust which holds title to the real property upon which the farming

1 or ranching activity is conducted that forms the basis of the income
2 test prescribed by subparagraph a of paragraph 1 of subsection A of
3 this section.

4 SECTION 2. This act shall become effective January 1, 2021.

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