

1 ENGROSSED SENATE
2 BILL NO. 85

By: Mazzei of the Senate

3 and

4 Sears of the House

5
6 [income tax credits - time period - credits are
7 allowed - condition under which credits are allowed
8 after a specified date - providing contingent
9 effective date]

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

11 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.104, is
12 amended to read as follows:

13 Section 2357.104. A. Except as otherwise provided by
14 subsection G of this section, for taxable years beginning after
15 December 31, 2005, and unless reauthorized pursuant to subsection H
16 of this section, ending before January 1, 2019, there shall be
17 allowed a credit against the tax imposed by Section 2355 of this
18 title equal to fifty percent (50%) of an eligible taxpayer's
19 qualified railroad reconstruction or replacement expenditures.

20 B. 1. Except as provided in paragraph 2 of this subsection,
21 the amount of the credit shall be limited to the product of Five
22 Hundred Dollars (\$500.00) for tax year 2007 and Two Thousand Dollars
23 (\$2,000.00) for tax year 2008 and subsequent tax years and the
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1 number of miles of railroad track owned or leased within this state
2 by the eligible taxpayer as of the close of the taxable year.

3 2. In tax year 2009 and subsequent tax years, a taxpayer may
4 elect to increase the limit provided in paragraph 1 of this
5 subsection to an amount equal to three times the limit specified in
6 paragraph 1 of this subsection for qualified expenditures made in
7 the tax year, provided the taxpayer may only claim one third (1/3)
8 of the credit in any one taxable period.

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

1 restrict or hinder the transfers of such tax credit. The Department
2 of Transportation shall promulgate rules to permit verification of
3 the eligibility of an eligible taxpayer's expenditures for the
4 purpose of claiming the credit. The rules shall provide for the
5 approval of qualified railroad reconstruction or replacement
6 expenditures prior to commencement of a project and provide a
7 certificate of verification upon completion of a project that uses
8 qualified railroad reconstruction or replacement expenditures. The
9 certificate of verification shall satisfy all requirements of the
10 Tax Commission pertaining to the eligibility of the person claiming
11 the credit.

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

16 E. A taxpayer who elects to increase the limitation on the
17 credit under paragraph 2 of subsection B of this section shall not
18 be granted additional credits under subsection A of this section
19 during the period of such election.

20 F. As used in this section:

21 1. "Class II and Class III railroad" means a railroad that is
22 classified by the United States Surface Transportation Board as a
23 Class II or Class III railroad;

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

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

5 a. reconstruction or replacement of railroad
6 infrastructure including track, roadbed, bridges,
7 industrial leads and track-related structures owned or
8 leased by a Class II or Class III railroad as of
9 January 1, 2006, or

10 b. new construction of industrial leads, switches, spurs
11 and sidings and extensions of existing sidings by a
12 Class II or Class III railroad.

13 G. No credit otherwise authorized by the provisions of this
14 section may be claimed for any event, transaction, investment,
15 expenditure or other act occurring on or after July 1, 2010, for
16 which the credit would otherwise be allowable. The provisions of
17 this subsection shall cease to be operative on July 1, 2012.
18 Beginning July 1, 2012, the credit authorized by this section may be
19 claimed for any event, transaction, investment, expenditure or other
20 act occurring on or after July 1, 2012, according to the provisions
21 of this section.

22 H. The credit provided pursuant to this section shall only be
23 allowed for expenditures made on or after January 1, 2019, if the
24 Oklahoma Legislature reauthorizes this section after review of the

1 report required pursuant to paragraph 14 of Section 5017 of Title 74
2 of the Oklahoma Statutes.

3 SECTION 2. This act shall not become effective as law unless
4 Senate Bill No. 72 of the 1st Session of the 55th Oklahoma
5 Legislature becomes effective as law.

6 Passed the Senate the 3rd day of March, 2015.

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Presiding Officer of the Senate

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10 Passed the House of Representatives the ____ day of _____,
11 2015.

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Presiding Officer of the House
of Representatives

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