Oklahoma Tax Commission

Legislative Update

Prepared by the Communications Division
in conjunction with Tax Policy and Research

2013

This informational packet is not intended to be a complete listing of tax related laws or law changes.
This is an abbreviated listing that highlights those changes effecting a large number of taxpayers.

For further tax information including tax rules, please visit our web site at **www.tax.ok.gov**
or contact the Oklahoma Tax Commission at (405) 521-3160.

OKLAHOMA TAX COMMISSION

ASSISTANCE GUIDE

(all numbers are within the "405" area code)

Tax Professional Hotline:
The Oklahoma Tax Commission implemented a couple of methods in which tax professionals may by-pass the main telephone line to receive immediate responses to inquiries related to tax issues.

First method:.....Calling 521-6827 or
Second method:.....Emailing questions to: taxprofessionalquestion@tax.ok.gov

Telephone Numbers:

Account Maintenance Division
Main Number 521-4271

Ad Valorem Division
Main Number 319-8200

Communications Division
Main Number 521-3637

Compliance Division
Audit - Main Number 521-3251
Collections - Main Number..... 521-3281

Legal Division
Main Number 319-8550

Motor Vehicle Division
Main Number 521-3221

Tax Policy and Research
Tax Analysts 521-3133

Taxpayer Assistance
Taxpayer Resource Center 521-3160

Toll Free (within Oklahoma only) 1 (800) 522-8165
(To be connected to a division other than Taxpayer Assistance, please enter the last five digits of the phone number of the division in which you wish to be connected)

Website: www.tax.ok.gov

E-mail address: **otcmaster@tax.ok.gov**

Items of Interest

- The Oklahoma Business Activity Tax (BAT) ceased to exist beginning with calendar year 2013. BAT returns and taxes are due for 2012 activity, to be filed in 2013. Franchise tax returns based on 2012 capital are not required; rather the next franchise tax filing will be due July 1, 2014 based on 2013 capital.

- Legislative changes eliminated monthly withholding tax returns and replaced them with quarterly returns. All employers that withhold for income tax purposes are required to file a quarterly withholding tax return. The first quarterly return is due October 20, 2013. The payment frequency does **not** change.

Summary of 2013 Tax Legislation

INCOME TAX

House Bill 1248 – *Effective November 1, 2013*

Repeals the Credit for Breeders of Specially Trained Canines. [68 O.S. §2357.203]

House Bill 1718 – *Effective April 22, 2013*

Amends the Qualified Clean-Burning Motor Vehicle Fuel Property Credit (68 O.S. §2357.22). The equipment used to modify a motor vehicle must be installed by an alternative fuels equipment technician who is certified in accordance with the Alternative Fuels Technician Certification Act. The equipment must either meet all Federal Motor Vehicle Safety Standards per 49 CFR 571, or in the case of commercial motor vehicles, follow Federal Motor Carrier Safety Regulations or Oklahoma Intrastate Motor Carrier Regulations.

House Bill 1919 – *Effective January 1, 2014*

Enacts an income tax deduction ($2,500 for single persons / $5,000 for taxpayers filing a joint return) for a taxpayer who contracts with a child-placing agency, as defined in 10 O.S. §402, for expenses incurred to provide care for a foster child, effective for tax year 2014. [68 O.S. §2358.5-1]

House Bill 2005 – *Effective November 1, 2013*

Amends the Qualified Clean-Burning Motor Vehicle Fuel Property Credit (68 O.S. §2357.22) by extending the sunset date for 5 years from tax years beginning before January 1, 2015 to tax years beginning before January 1, 2020.

House Bill 2032 – *Effective July 1, 2013*

Amends 68 O.S. §2355 for tax year 2015 by reducing the top marginal individual tax rate to 5%, from 5.25% The rate may be further reduced to 4.85% for tax year 2016 and subsequent years, contingent upon certain revenue growth.

Enacts a new law, 68 O.S. §2355.1(E), which provides a trigger mechanism to reduce the top marginal individual income tax rate to 4.85% beginning with tax year 2016. The lower rate will be triggered when the State Board of Equalization determines that the estimated growth in General Revenue collections will be equal to or exceed the estimated reduction in income tax revenue as a result of the 0.15% decrease to the top tax rate. Once triggered, the lower rate of 4.85% will remain for all subsequent years.

House Bill 2308 – *Effective January 1, 2014*

Eliminates the following income tax credits[1]:

Cite	Credit
27A O.S. §2-11-303	Credit for Hazardous Waste Control
68 O.S. §2357	Credit for Gas Used in Manufacturing
68 O.S. §2357.6	Credit for Energy Assistance Fund Contribution
68 O.S. §2357.13	Commercial Space Industries Credit
68 O.S. §2357.26	Credit for Employers Providing Child Care Programs
68 O.S. §2357.30	Small Business Guaranty Fee Credit
68 O.S. §2357.33	Credit for Food Service Establishments that Pay for Hepatitis A Vaccination for Employees
68 O.S. §2357.34-40	Credit for Tourism Development or Qualified Media Production Facility
68 O.S. §2357.66	Credit for Qualified Ethanol Facilities
68 O.S. §2357.67	Credit for Eligible Biodiesel Facility
68 O.S. §2357.81	OK Local Development & Enterprise Zone Incentive Leverage Act Credit
68 O.S. §2357.102	Dry Fire Hydrant Credit
68 O.S. §2357.402	Credit for Manufacturers of Electric Vehicles
68 O.S. §2370.3	Credit for Stafford Loan Origination Fee
68 O.S. §54006	Research & Development New Jobs Credit

The following are also eliminated effective for tax year 2014:

- The $100 ($200 for married filing joint returns) Interest Qualifying for Exclusion deduction. [68 O.S. §2358]
- The $100 ($200 for married filing joint returns) Political Contribution deduction [68 O.S. §2358.3]
- The Historical Battle Site deduction. [68 O.S §2357.24]

Senate Bill 166 – *Effective November 1, 2013*

Amends 68 O.S. §2353 by removing the net income limiter for the allowance of percentage depletion in computing Oklahoma taxable income for non-major oil companies effective for tax

[1] Several of these credits have carryover provisions. This measure does not eliminate the carryover provisions.

year 2014. Under current law, when calculating Oklahoma depletion, taxpayers are limited to 50% of the net income from each property computed without the allowance for depletion.

Senate Bill 330 – *Effective May 29, 2013*

Enacts a refundable income tax credit for any increased ad valorem tax that is a result of rebuilding or repairing residential real property damaged or destroyed as a result of a natural disaster occurring 2012 or 2013 for which a Presidential Major Disaster Declaration was issued. The credit is the difference between the ad valorem taxes paid on the property in the year prior to the damage and the ad valorem taxes paid in the first year the property is completely or fully repaired or rebuilt. In years two through five of the credit, the credit is 80% of the previous year's credit. The property must be rebuilt or repaired by December 31, 2015. [68 O.S. §2357.29A]

Senate Bill 343 – *Effective January 1, 2014*

Amends the Coal Credit (68 O.S. §2357.11).

- Extends the sunset date for 7 years from tax years ending on or before December 31, 2014 to tax years ending on or before December 31, 2021.
- The credit will no longer be transferable after December 31, 2013.
- The five year carryover provision, for credits allowed but not used, will apply only to credits earned prior to January 1, 2014.
- Credits based on activity occurring on or after January 1, 2014 may be refundable at an amount equal to 85% of eligible credit.

Amends the Credit for Electricity Generated by Zero-Emission Facilities (68 O.S. §2357.11).

- Extends the sunset date for 5 years for facilities placed in operation before January 1, 2016 to before January 1, 2021.
- Credits generated after December 31, 2103 will no longer be transferable.
- The ten year carryover provision, for credits allowed but not used, will apply only to credits generated prior to January 1, 2014.
- Credit generated on or after January 1, 2014 may be refundable at an amount equal to 85% of eligible credit.

AD VALOREM TAX

House Bill 1265 – *Effective November 1, 2013*

Amends 68 O.S. §2817 by striking the limitation period between January 1 and adjournment of the County Board of Equalization regarding property devalued by natural disasters providing that the county assessor reassess the subject property taking into account the damage caused by the natural disaster and present the reassessment to the board of tax roll corrections for its consideration.

Amends 68 O.S. §2863 by changing protest references to appeals regarding matters pending consideration before County Boards of Equalization.

Amends 68 O.S. §2871 by providing correction to tax rolls upon hearing of the board of tax roll corrections for improvements to real estate or other property assessed which have been destroyed by wildfires.

Amends 68 O.S. §2874 relating to errors in the name of persons assessed for ad valorem tax, to provide that the county treasurer may make corrections to the tax roll upon affidavit verifying the name of the true owner as of October 1st instead of January 1st of the tax year involved.

Senate Bill 166 – *Effective November 1, 2013*

Amends 68 O.S. §1001 which pertains to equipment, material or property that shall be exempt from the payment of ad valorem tax by reason of the payment of gross production tax. The exemption shall include the wellbore and non-recoverable down-hole material, including casing, actually used in the disposal of waste materials produced with such oil or gas. (Also under Gross Production & Petroleum Excise Taxes)

Amends 68 O.S. §1001.1 which pertains to the adoption of rules and regulations that establish guidelines for the determination of property that is exempt from ad valorem tax pursuant to the "in-lieu" gross production tax provision that exempts specific equipment. It includes all materials and equipment of disposal systems and the lines transporting the waste materials, serving one or more wells, which are not for commercial purposes. Provided, the exemption shall include the wellbore and non-recoverable down-hole material, including casing, actually used in the commercial disposal of waste materials produced with such oil or gas. (Also under Gross Production & Petroleum Excise Taxes)

Amends 68 O.S. §2817 by stating that the value of taxable personal property used in commercial disposal systems of waste materials from the production of oil and gas shall not include any contract rights or leases for the use of such systems nor any value associated with the wellbore or non-recoverable down-hole material, including casing.

Senate Bill 292 – *Effective November 1, 2013*

Amends 68 O.S. §3129 requiring county treasurers to provide to the Oklahoma Health Care Authority ("OHCA") a list of properties that will be sold at tax resales in their respective counties. Utilizing the information provided, OHCA must produce a list for each county of properties on which OHCA has liens and county treasurers must make the list of properties with OHCA liens available to potential buyers at the tax resales. Further, OHCA must file a release of the liens on properties that fit the definition of blighted properties[2] in the county records of the county where the property is located upon request of that county's treasurer. The filing of the lien release shall not extinguish the debt owed to OHCA which may be enforced through any legal means available to OHCA.

Senate Bill 330 – *Effective May 29, 2013*

Amends 68 O.S. §2888 by deeming persons actually owning and residing in a residence on the date of a 2013 tornado to be the record owner of the residence for purposes of extending

[2] As defined by 11 O.S. §38-101 of the Oklahoma Statutes.

eligibility for homestead exemption.[3] A deed or other evidence of ownership must be of record in the county clerk's office on or before the date of the tornado.

Amends 68 O.S. §2892 by extending until June 1, 2014 the homestead exemption eligibility and filing period for any person authorized to claim the income tax credit in Section 5 of the bill with respect to the 2013 tornadoes or for any owner of real property whose primary residence was damaged or destroyed by a 2013 tornado and who purchased or built a new primary residence at a location in this state different from the one where the damaged or destroyed residence was located.

CIGARETTE & TOBACCO PRODUCTS

House Bill 1104 – *Effective July 1, 2013*

Amends the violation and fine provision applicable to consumers who purchase or bring into this state unstamped cigars or tobacco products and fail to pay the tax thereon providing that any person who possesses more than one thousand small or large cigars or 216 ounces of chewing or smoking tobacco products in packages or containers for which the required tax has not been paid shall be punished by administrative fines in the amounts provided in 68 O.S. §418(D)[5]. [68 O.S. §412]

Amends the violation and fine provision currently applicable to persons violating any provision of the Tobacco Tax Code, providing that any person who possesses more than one thousand small or large cigars or 216 ounces of chewing or smoking tobacco products in packages or containers for which the required tax has not been paid shall be punished by administrative fines in the amounts provided in 68 O.S. §418(D)[4]. [68 O.S. §418]

Senate Bill 619 – *Effective November 1, 2013*

Amends 68 O.S. §341 to provide that in addition to violations of the Unfair Cigarette and Tobacco Products Sales Act, the Tax Commission must cancel the license of any cigarette or tobacco dealer who has been convicted for violation of any law pertaining to the use, possession, manufacture or sale of any controlled substance pursuant to the Uniform Controlled Dangerous Substances Act, or has been found guilty of a violation of any rule promulgated or order issued to control a new product or noncontrolled product or substance pursuant to 63 O.S. §2-201 or convicted of a violation of any drug or narcotic law of the United States.

GROSS PRODUCTION & PETROLEUM EXCISE TAXES

Senate Bill 166 – *Effective November 1, 2013*

Amends 68 O.S. §1001 which pertains to equipment, material or property that shall be exempt from the payment of ad valorem tax by reason of the payment of gross production tax. The

[3] This provision only applies to any person eligible to claim the income tax credit pursuant to Section 5 of the bill with respect to the 2013 tornadoes or to any person whose primary residence was damaged or destroyed in a 2013 tornado and who purchased or built a new primary residence at a location in the state different from the one of the damaged or destroyed residence.

[4] In accordance with 68 O.S. §418(D), first offenses are punished by an administrative fine of not more than $5,000 and a second or subsequent offense by an administrative fine of not more than $20,000.

exemption shall include the wellbore and non-recoverable down-hole material, including casing, actually used in the disposal of waste materials produced with such oil or gas. (Also under Ad Valorem Tax)

Amends 68 O.S. §1001.1 which pertains to the adoption of rules and regulations that establish guidelines for the determination of property that is exempt from ad valorem tax pursuant to the "in-lieu" gross production tax provision that exempts specific equipment. It includes all materials and equipment of disposal systems and the lines transporting the waste materials, serving one or more wells, which are not for commercial purposes. Provided, the exemption shall include the wellbore and non-recoverable down-hole material, including casing, actually used in the commercial disposal of waste materials produced with such oil or gas. (Also under Ad Valorem Tax)

Senate Bill 332 – *Effective November 1, 2013*

Amends 68 O.S. §1010(B) by eliminating the requirement for gross production tax remitters to file zero monthly production tax reports.

Amends 68 O.S. §1024 which pertains to the release of certain gross production tax information. Currently, the statute requires the Tax Commission to provide individuals or entities with certain non-tax related information pertaining to oil and gas producing properties. The party requesting such information was required to submit an oral or written request to the Tax Commission.
The requirement for the oral or written request is now removed. The Tax Commission will make such information available on-line through the agency's website. Interest owner production values and tax amounts will remain confidential. No taxpayer information that is presently confidential will be otherwise pursuant to the provisions of the amendments.

MOTOR VEHICLE

House Bill 1103 – *Effective November 1, 2013*

Creates a new section of law (47 O.S. §1105.5) that authorizes the Tax Commission's Motor Vehicle Division [title section employees] to continue utilizing the Oklahoma Law Enforcement Telecommunications System (OLETS) in order to request vehicle titling information from other states, as well as to run stolen vehicle checks via the National Crime Information Center (NCIC) system, which is integrated with OLETS.

House Bill 1792 – *Effective November 1, 2013*

Creates the Oklahoma Temporary Motorist Liability Plan[5] which allows law enforcement to confiscate a license plate due to an absence of insurance. Upon compliance with the Compulsory Insurance Law and payment in full of a $125 administrative fee and applicable citation costs, the license plate may be returned to the taxpayer. Law enforcement may dispose of any unclaimed license plate after 90 days. If a plate is disposed of, the operator or owner is required to obtain a new license plate pursuant to all existing requirements. [47 O.S. §7-606]

[5] 47 O.S. §7-621 et seq.

Senate Bill 330 – *Effective May 29, 2013*

Amends 47 O.S. §1132.3 by allowing a credit[6] for registration fees associated with a vehicle which is a replacement for a currently registered vehicle which was destroyed by a tornado in 2013 for which a declaration of emergency was issued by the Federal Government.

Amends 68 O.S. §2103.1 and provides a related vehicle excise tax credit for similarly situated vehicles. The credit is in the amount of the excise tax previously paid on or after January 1, 2012 for the destroyed vehicle and must be applied to the excise tax due on the replacement vehicle.

Senate Bill 659 –*Effective November 1, 2013*

Any service or transaction for which a motor license agent is authorized by law to provide, and which is administered through any state agency by means of an electronic transaction or online system, shall include a step where the individual must select between any motor license agent in this state and the agency processing the service or transaction. This requirement does not apply to registrations processed pursuant to 47 O.S. §1120.[7] Any motor license agents so selected shall receive all fees provided by statute for processing the service or transaction through any electronic transaction or online system administered by a state agency.

Senate Bill 678 –*Effective November 1, 2013*

Exempts from the levy of motor vehicle excise tax any vehicle where ownership is transferred by the repossessor directly back to the owner(s) from whom the vehicle was repossessed, provided ownership is assigned by the repossessor within 30 days of issuance of the repossession title and is identical to that reflected in the vehicle title record immediately prior to the repossession. [68 O.S. §2105]

Senate Bill 924 – *Effective November 1, 2013*

Amends 47 O.S. §1102 by defining "construction machinery." Construction machinery shall be defined as machines or devices drawn as trailers which are designed and used for construction, tree trimming and waste maintenance projects, which derive no revenue from the transportation of persons or property, whose use of the highway is only incidental and which are not mounted or affixed to another vehicle; provided construction machinery shall not include implements of husbandry as defined in 47 O.S. §1-125.

Amends 47 O.S. §1133 by subjecting construction machinery to the registration requirements of said Section.

Senate Bill 925 – *Effective November 1, 2013*

Amends 47 O.S. §1102 by striking "Powersports Vehicle" and "Powersports Vehicle Dealer" from the definition section of the Oklahoma Vehicle License and Registration Act.

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[6] The credit is based on the fee paid for the registration of the destroyed vehicle and the registration period remaining at the date of destruction. The credit must be applied to the registration fee for the replacement vehicle.
[7] Proportional registrations under the International Registration Plan.

SALES & USE TAX

House Bill 1104 – *Effective July 1, 2013*

Repeals 68 O.S. §1368.2 which requires the Tax Commission to annually mail to all holders of sales tax permits a notice informing such permit holder of the statutory penalties for violations of the Oklahoma Sales Tax Code. The Notice to Vendors of Penalties for Violating the Oklahoma Sales Tax Code will continue to be posted on the OTC website and will be provided when a taxpayer applies for a sales tax permit.

House Bill 1039 – *Effective July 1, 2013*

Modifies the definition of "special event" found in 68 O.S. §1364.2 to exclude a registered farmers market defined as a designated area where farmers, growers or producers from a defined region gather on a regularly scheduled basis to sell at retail non-potentially hazardous farm food products and whole-shell eggs to the public.

House Bill 1399 – *Effective July 1, 2013*

Amends 68 O.S. §1364.1 to allow hospitals, similar institutions, and medical practitioners to purchase medical appliances, devices, and equipment including, but not limited to, prosthetic devices and durable medical equipment without the payment of sales or use tax. This is accomplished through obtaining a direct payment permit. If the items purchased are used to treat a non-Medicare/Medicaid patient, the hospital or practitioner will remit the tax due directly to the Tax Commission. If the practitioner owes less than $500 per month, they may remit on a quarterly basis on or before the 20th day of the month following the calendar quarter. The application fee for a direct payment permit is eliminated.

A hospital or practitioner holding a direct pay permit will not be required to remit any tax to the Tax Commission for items that will be reimbursed under the Medicare or Medicaid Program.[8] The measure provides for documentation the practitioner may maintain to show that the medical devices were used to treat a Medicare/Medicaid patient including the patient's case or account number, the type of insurance, and the item description or product number.

House Bill 2310 – *Effective November 1, 2013*

Amends 68 O.S. §1357(41) extending the sunset date from July 1, 2014 to July 1, 2019 for the sales tax exemption on the sale or lease of rolling stock by a manufacturer.

Senate Bill 330 – *Effective May 29, 2013*

Amends 68 O.S. §1362(D) by providing that persons required to file a sales tax report shall be exempt from remitting sales tax on the sales value of tangible personal property donated for the

[8] 68 O.S. §1357.6 exempts sales of medical appliances, medical devices and other medical equipment, prosthetic devices, durable medical equipment and mobility enhancing equipment when the item is administered or distributed by a practitioner or purchased or leased, by or on behalf of an individual, pursuant to a prescription or work order of a practitioner; and the item is furnished to a Medicare or Medicaid program recipient and the cost of said item will be reimbursed by Medicare or Medicaid.

assistance of persons affected by tornadoes occurring in 2013 for which a declaration of emergency was issued by the Federal Government.

Amends 68 O.S. §1367.1(B) by providing that the deduction/remuneration afforded sales tax vendors for record maintenance and the timely filing and remittance of sales tax shall not be disallowed if a report was delinquent because of the 2013 tornadoes.

Senate Bill 976 –*Effective August 23, 2013*

Amends 68 O.S. §4303 by defining "Event History" as: a) historical information on the event including past locations of the event, b) a description of previous attempts by the host community to secure the event, c) information regarding attempts by other communities to recruit the event, and d) if applicable, the competitive bidding process for securing the event by the host community.

Further, it modifies the definition of "Quality Event" by removing language requiring that the quality event be at a site chosen through competitive site selection process, and by adding language that requires the quality event to be: 1) a new or existing event that is a national, international or world championship, or 2) a new or existing event that is managed or produced by an Oklahoma-based national or international organization.

Amends 68 O.S. §4304 by reducing the time from no later than 1 year to no later than 6 months prior to the event that the host community may designate the quality event geographic area, length of revenue capture period, and type of expenses eligible for payment through distribution of captured revenue.

Reduces the time in which the host community has to submit a copy of its adopted ordinance or resolution and economic impact study to the Oklahoma Tax Commission from within 90 days to within 30 days from the date on which the host community adopts the resolution or ordinance. It also requires the host community to submit the event history within said time period.

Further, reduces the time from within 90 days to within 60 days from the date of receipt of the above-referenced information from the host community in which the Tax Commission has to approve or disapprove the economic impact study.

MISCELLANEOUS

AIRCRAFT EXCISE TAX

Senate Bill 645 – *Effective November 1, 2013*

Exempts rotary-winged aircraft purchased to be used exclusively for the purpose of training U.S. military personnel or other training authorized by the U.S. Government from the levy of aircraft excise tax. The exemption will sunset January 1, 2018. [68 O.S. §6003]

ALCOHOL, MIXED BEVERAGES AND LOW-POINT BEER

Senate Bill 321 – *Effective August 23, 2013*

Amends the definition of "total gross receipts" in 37 O.S. §576 by stating that the advertised price of a mixed beverage may (instead of shall) be the sum of the total retail sale price and the gross receipts tax levied thereon.

Enacts a new section of law, 68 O.S. §282, which prevents one or more members of a class bringing suit as representative parties on behalf of all members of a class, and prevents a court from certifying a class, on any claim arising from the collection of monies denominated as gross receipts tax on mixed beverages, sales tax or use tax, or in which the damages sought or the injury claimed is monies that have been collected as, or denominated as, gross receipts tax on mixed beverages, sales tax or use tax, and which have been remitted to the Oklahoma Tax Commission or other governmental taxing authority.

MOTOR FUELS

Senate Bill 519 – *Effective January 1, 2014*

Amends 68 O.S. §701 by removing liquefied natural gas (LNG) from the definition of special fuels and eliminates the special fuel fee[9] currently imposed on users of LNG. The amendment also removes the issuance of the special fuel decal for vehicles using LNG.

In lieu of the special fuel fee, this bill amends 68 O.S. §500.4 by levying a tax on the sale of LNG in the amount of $0.05 per diesel gallon equivalent (dge) and provides for the apportionment of revenues collected. Such levy shall increase upon the expiration of the credit authorized pursuant to the provisions of paragraph 1 of subsection A of Section 2357.22 of Title 68 wherein the rate of tax imposed upon liquefied natural gas shall be equal to the tax rate imposed on diesel fuel which is $0.13 per diesel gallon equivalent.

QUALITY JOBS

Senate Bill 613 – *Effective November 1, 2013*

Adds the following establishments as eligible for the Oklahoma Quality Jobs Program incentive:

- Establishments that are classified in the North American Industrial Classification System (NAICS) Manual under Industry Subsector Number 482 - Rail Transportation.
- Establishments that are classified in the North American Industrial Classification System (NAICS) Manual under Industry Group Number 517110 – Wired Telecommunications Carriers.
- Establishments that are classified in the North American Industrial Classification System (NAICS) Manual under Industry Subsector Number 523 - Securities, Commodity Contracts, and Other Financial Investments and Related Activities.

[9] The special fuel fee currently imposed is $100 for each vehicle not exceeding one (1) ton in capacity. For vehicles exceeding one (1) ton, the fee is levied at $150.

- Establishments that are classified in the North American Industrial Classification System (NAICS) Manual under Industry Group Number 213112 - Support Activities for Oil and Gas Operations.
- Establishments that are classified in the North American Industrial Classification System (NAICS) Manual under Industry Subsector Number 486 - Pipeline Transportation.

This section also provides for a net benefit rate of 6% for establishments that employ U.S. military veterans in at least 10% of their gross payroll.

Amends 68 O.S. §3604 by requiring entities to pay back Quality Jobs incentives if the entity no longer has a business operation in Oklahoma within 3 years of receiving the initial incentive payment.

Amends 68 O.S. §3606 by prohibiting an entity from applying for or renewing an application for incentive payments for 12 months if the gross payroll requirements are not met within 3 years.

Amends 68 O.S. §3914 which relates to the 21st Century Quality Jobs Incentive Act by establishing a maximum wage threshold for the average wage requirement. This measure prohibits the cost of health insurance premiums paid by the establishment to be included in the annualized wage. This measure retains the requirement that establishments pay 300% of the average county wage, but limits the maximum amount of average wages that establishments are required to pay to $94,000. This maximum wage threshold will be periodically indexed and modified based on the latest Consumer Price Index.

ADMINISTRATIVE

House Bill 1107 – *Effective November 1, 2013*

The provisions of 68 O.S. §205.2 allowing claims filed against a state income tax refund shall not apply to claims filed under Section 2906 (low income property tax relief credit) or Section 5011 (sales tax relief credit) of Title 68 or to any debt owed to a state agency for health care or medical services unless said health care or medical services were obtained as a result of fraud, breach of contract, error, ineligibility or any illegal or unauthorized means.

House Bill 1874 – *Effective August 23, 2013*

Enacts a new section of law, 68 O.S. §2702.1, which allows municipalities to enter into contracts with the Tax Commission for collection of municipally imposed lodging tax. Any municipality which enters into a lodging tax collection agreement with the OTC is required by this measure to adopt a resolution indicating intent to allow the OTC to collect the lodging tax. Consequently, the OTC shall collect all municipal lodging taxes for each municipality adopting a resolution. A municipality, which has previously entered into an agreement with the OTC for collection of municipal lodging tax, may adopt a resolution to discontinue the practice of allowing the OTC to serve as the collecting agent for the tax. The measure also provides for certain conditions that the OTC may require of municipalities regarding collection of the lodging tax.

House Bill 2055 – *Effective November 1, 2013*

Amends the Administrative Procedures Act as follows:

- Eliminates provisions related to Governor's review and approval/disapproval of proposed permanent rules.
- Replaces current legislative approval/disapproval procedures with the following:

    1. Legislature will have "until the last day of the legislative session" to review proposed rules if such rules are received on or before April 1. Legislature will have "until the last day of the legislative session of the next year" to review proposed rules if such rules are received after April 1.
    2. Any rule may be approved or disapproved by joint resolution.
    3. All proposed permanent rules will become effective if they are:

        a. Approved by joint resolution. The joint resolution must be signed by the Governor as required by the state constitution; or
        b. Approved by omnibus legislation prepared by the House. The omnibus legislation will have a joint resolution stating that all proposed permanent rules are approved, with the exception of those rules identified in the resolution as disapproved. The joint resolution must be signed by the Governor, as required by the state constitution; or
        c. Approved by a "Governor's declaration" reversing the Legislature's disapproval in the omnibus legislation, if the Governor finds, based on an agency petition, that the necessity for the rule exists and the agency has the authority to make the rule. The agency petition must affirmatively state the rule is necessary and cite the source of its authority to make the rule; or
        d. Approved by successful veto by the Governor of a joint resolution disapproving rules.

- Amends definition of "Final" or "Finally adopted" to reflect new methods for approving/disapproving proposed permanent rules.
- Clarifies that the Governor will make the determination as to whether the omnibus resolution "has a technical legal defect."
- Extends the time an emergency rule will remain in full force and effect from July 14 to September 14 of the next succeeding regular session of the legislature following the promulgation of the emergency rule.

House Bill 2062 – *Effective July 1, 2013*

Amends 62 O.S. §34.25 by allowing any state agency, board, commission or authority to apply to the State Governmental Technology Applications Review Board for authorization to charge a convenience fee for electronic or online transactions. Further, it provides that if authorization is granted, the state entity is not allowed to assess a convenience fee for equivalent manual transactions. “Convenience fee” is defined as a fee charged to partially compensate for costs incurred as a result of providing for a manual transaction or an electronic or online transaction if authorization is approved.

Senate Bill 864 – *Effective January 1, 2014*

Amends 68 O.S. §225 by providing an additional right of appeal for the taxpayer for a trial de novo in the district court of Oklahoma County or the county in which the taxpayer resides from a final order of the Tax Commission assessing a tax or an additional tax or denial of a claim for refund. If the amount in dispute exceeds $10,000.00, the appeal shall be heard by a district or associate judge. If the amount in dispute does not exceed $10,000.00, the appeal may be heard by a special judge. An order resulting from a trial in district court shall be appealable directly to the Supreme Court of Oklahoma by either party. Under current law, any taxpayer aggrieved by a final order of the Tax Commission may appeal therefrom directly to the Supreme Court of Oklahoma.

Senate Bill 788 – *Effective July 1, 2013*

Authorizes the Tax Commission to impose a fine not to exceed 10% of a contractor's total bid on a project if the contractor fails to provide proof of information as required by 68 O.S. §1701.1(A) relating to contractors having current employer identification numbers, a workers' compensation policy and an executed bond, if required, to the agency or entity administering the contract before actually commencing work.

Senate Bill 945 – *Effective April 9, 2013*

Amends 68 O.S. §205.2 to include a debt owed to a state agency for health care or medical services in claims that may be made against a state income tax refund. Under current law, claims made against a state income tax refund do not apply to debts owed to a state agency for health care or medical services.