

**TITLE 710. OKLAHOMA TAX COMMISSION  
CHAPTER 50. INCOME**

**RULEMAKING ACTION:**

Notice of proposed **PERMANENT** rulemaking.

**PROPOSED RULES:**

Chapter 50. Income [AMENDED]

**SUMMARY:**

As part of the Commission's ongoing review of its rules, many proposed amendments to the existing rules have been made to implement recent legislation. All legislative references are to the Second Regular Session of the 54<sup>th</sup> Legislature (2014) unless otherwise indicated.

Section **710:50-7-2**, which provides for the application of income tax payments, has been revoked. Section **710:1-3-46** already provides guidance for the application of partial payments for all tax types.

Section **710:50-13-2** has been revoked and that language added to Section **710:50-13-6** to improve readability as both rules address the payment of Oklahoma estimated income tax.

Section **710:50-13-6** has been further amended to reflect a change in policy; a taxpayer is no longer required to include their social security number on their payment instrument.

Section **710:50-15-85** has been revoked to reflect the provisions of Section 1 of House Bill 1680 [2005] which sunsetted the income tax credit for Oklahoma agricultural producers on December 31, 2009. [68:2357.25]

Sections **710:50-15-86**, **710:50-15-86.1**, **710:50-15-87** and **710:50-15-87.1** have been revoked to reflect the provisions of House Bill 2124 [2004] which sunsetted the Oklahoma Small Business Venture credits and the Oklahoma Rural Small Business Venture credits on December 31, 2011. [68:2357.62, 2357.63, 2357.73, 2357.74]

Section **710:50-15-93** has been revoked to reflect the provisions of House Bill 2308 [2013] which repealed the tax credit for the development of commercial space industries. [68:2357.13]

Section **710:50-15-101** has been amended to implement the provisions of Senate Bill 1151 which added a sunset date to the film and music profit reinvestment income tax credit. [68:2357.101]

Section **710:50-15-107** has been amended to implement the provisions of Senate Bill 1152 which added sunset dates to the Credit for Eligible Wages Paid by an Employer to an Injured Employee and the Credit for Modification Expenses Paid by an Employer for an Injured Employee. [68:2357.47]

Section **710:50-15-109**, income tax credit for qualified employers and employees of the aerospace sector, has been amended to implement the provisions of House Bill 2509 which extended the sunset date and amended the definition of "qualified employee" [68:2357.301 through 2357.304]

Section **710:50-15-111** has been amended to implement the provisions of Senate Bill 1170 which added a sunset date to the wire transmitter fee income tax credit. [68:2357.401]

Sections **710:50-15-114** and **710:50-15-115** have been amended to implement the provisions of House Bill 2643 which amended the credits for Contributions to Scholarship-Granting Organizations and Educational Improvement Grant Organizations, and to reflect a change in policy - donors are no longer required to provide their social security number when making a donation. [68:2357.206]

In addition, other rule changes may be made to clarify policy, improve readability, correct scrivener's errors, remove obsolete language, update statutory citation, and insure accurate internal cross-references.

**AUTHORITY:**

68 O.S. §§ 203, 2357.47, 2357.206; Oklahoma Tax Commission

**COMMENT PERIOD:**

Persons wishing to make written submissions may do so by **4:30 p.m., February 20, 2015**, to the Oklahoma Tax Commission, Tax Policy and Research Division, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma 73194.

**PUBLIC HEARING:**

A public hearing will be held to provide an additional means by which suggestions may be offered on the content of the proposed rules. Time, date and place of the hearing are as follows: **February 23, 2015, 9:00 a.m.** in the 4<sup>th</sup> floor hearing room at the Oklahoma Tax Commission, 2501 Lincoln Blvd., Oklahoma City, Oklahoma. Those wishing to make oral comments at the public hearing should request placement on the docket well in advance of the hearing date, by calling Emmily Hood at (405) 521-3133.

In order to facilitate entry into the building, those wishing to appear should contact Emmily Hood at (405) 521-3133 at least 24 hours prior to the hearing date to complete their visitor pre-registration. Entry to the M.C. Connors' building must be made through the doors located on the east side of the building. In order to gain access to the 4<sup>th</sup> floor hearing room, attendees must register at the information desk in the lobby by presenting a driver license or other photo identification. A name badge and floor access card will be issued once registration is completed.

Time limitations may be imposed on oral presentations to ensure that all persons who have filed written requests for placement on the docket will have an opportunity to speak.

**REQUEST FOR COMMENTS FROM BUSINESS ENTITIES:**

Although nothing in this rulemaking action has been determined to adversely impact small business, the Oklahoma Tax Commission (OTC) requests that, pursuant to 75 O.S. § 303(B)(6), business entities affected by these rules provide the OTC, within the comment period, in dollar amounts, if possible, information on any increase in direct costs, such as fees, and indirect costs, such as those associated with reporting, recordkeeping, equipment, construction, labor, professional services, revenue loss, or other costs expected to be incurred by a particular entity due to compliance with the proposed Rules.

**COPIES OF PROPOSED RULES:**

Interested persons may inspect proposed rules at the offices of the Oklahoma Tax Commission, Tax Policy Division, 5th floor, M. C. Connors Building, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma. Copies of proposed rules may be viewed online at [www.tax.ok.gov](http://www.tax.ok.gov).

**RULE IMPACT STATEMENT:**

A Rule Impact Statement will be prepared and will be available for review from and after January 30, 2015, from the same source listed above for obtaining copies of proposed rules.

**CONTACT PERSON:**

Lisa R. Haws, Agency Liaison. Phone: 405-521-3133; FAX: 405-522-0063; Email: [lhaws@tax.ok.gov](mailto:lhaws@tax.ok.gov)

## CHAPTER 50. INCOME

### SUBCHAPTER 7. REMITTANCES

#### **710:50-7-2. Application of payments [REVOKED]**

~~Any income tax payments received without designation shall be applied to the oldest outstanding liability first. Payments are first applied to tax, then interest and penalty.~~

### SUBCHAPTER 13. ESTIMATED TAX

#### **710:50-13-2. Payment of estimated tax [REVOKED]**

~~OTC Form OW-8ES should be used to report and pay Estimated Oklahoma Income Tax. Print or type taxpayer's name, address and the amount of the payment on each voucher. To ensure proper credit, taxpayer's social security number should be included on the check.~~

#### **710:50-13-6. Payment of estimated tax**

(a) OTC Form OW-8-ES should be used to report and pay estimated Oklahoma Income Tax. Print or type taxpayer's name, Social Security Number or Federal I.D. Number, address and the amount of the payment on each voucher

(b) ~~The first installment of Oklahoma Estimated Income Tax is to be paid on April 15 of the taxable year. Other payments must be made by the dates shown on the vouchers or corresponding dates for fiscal-year filers. The filer's Social Security Number or Federal I.D. Number is to be written on the check and the check is to be attached to the completed voucher. The estimated tax is to be applied to the succeeding tax year's Oklahoma Income Tax liability, and may be claimed on the succeeding tax year's Oklahoma Income Tax Return.~~

(b) ~~(c)~~ Refunds will be applied, at the taxpayer's request, to Oklahoma Estimated Income Tax for the following year, on the original Return only, and may not be adjusted, except as provided in this Section.

(e) ~~(d)~~ Refunds applied to the following year's Oklahoma Estimated Income Tax (at the taxpayer's request) may not be adjusted except in the following case: When a taxpayer claims on the Oklahoma Income Tax Return, a total estimated tax in excess of the amount actually paid and requests the resultant refund be applied to the next year's estimated tax, this produces an erroneous estimated tax figure for the following tax year. In this instance, the amount of credit to be applied to the following year and/or the figure reported for total Oklahoma Estimated Tax for the current year, may be adjusted to the correct amounts.

(d) ~~(e)~~ Provided, however, that when a refund is applied, at the Taxpayer's request, to the following year's Oklahoma Estimated Income Tax and either the Tax Commission or the Internal Revenue Service subsequently determines that additional tax is due for the original tax year, no delinquent interest shall be due on the difference between the original tax paid and the subsequently-determined amount of tax, so long as the refund applied exceeds the additional tax due and the taxpayer makes payment of the additional tax within sixty (60) days of the notice of assessment. In the event that the additional tax due exceeds the refund applied, delinquent interest shall be assessed on the amount of additional tax due from the date the original tax was due, until the total additional tax is paid.

(e) ~~(f)~~ All estimated tax payments should be paid under the Social Security Number listed first on the Oklahoma Income Tax Return.

## SUBCHAPTER 15. OKLAHOMA TAXABLE INCOME

### PART 7. CREDITS AGAINST TAX

#### **710:50-15-85. Credit for investment in Oklahoma producer-owned agricultural processing cooperative, venture, or marketing association [REVOKED]**

~~(a) **General provisions.** Oklahoma agricultural producers may claim an income tax credit for direct investment in an Oklahoma producer-owned agricultural processing entity which is designed to develop and enhance the production, processing, handling, and marketing of Oklahoma agricultural commodities. This credit will be available for the tax year in which the qualified investment is made.~~

~~(1) **For qualified investments made on or after January 1, 1997 but before December 31, 1998.** The credit for qualified investments will be thirty percent (30%).~~

~~(2) **For qualified investments made on or after January 1, 1999.** If the total credit allowed for qualified investments results in the reduction in total Oklahoma income tax of more than One Million Dollars (\$1,000,000.00) in any previous calendar year, the percentage of the credit for qualified investment will be adjusted. The adjusted percentage allowable will be determined by multiplying thirty percent (30%) times One Million Dollars (\$1,000,000.00), then dividing the result by the credits claimed in the preceding calendar years.~~

~~(3) **For qualified investments made on or after January 1, 2006.** If the total credit allowed for qualified investments results in the reduction in total Oklahoma income tax of more than Two Million Dollars (\$2,000,000.00) in any previous calendar year, the percentage of the credit for qualified investment will be adjusted. The adjusted percentage allowable will be determined by multiplying thirty percent (30%) times Two Million Dollars (\$2,000,000.00), then dividing the result by the credits claimed in the preceding calendar years.~~

~~(b) **Definitions.** "Qualified investment", for purposes of this Section, means and is limited to, direct investments by Oklahoma agricultural producers in Oklahoma producer-owned agricultural processing cooperatives, Oklahoma producer-owned agricultural processing ventures, Oklahoma producer-owned agricultural processing marketing associations, and Oklahoma owned and based corporations and partnerships. [See: 68 O.S. Section 2357.25(f)].~~

~~(c) **Limitations.** Under no circumstances will the credit percentage exceed thirty percent (30%). If the credit should exceed the amount of income tax due, any unused credit may be carried forward and applied against subsequent income tax liabilities for a period not to exceed six (6) years. In the event of credits being carried forward, the amount of credit, once established, shall not be reduced in the event of credit percentage reduction in subsequent years. This credit shall not be available to any taxpayer in years in which claimant received incentive payments pursuant to the Oklahoma Quality Jobs Program Act or the Saving Quality Jobs Act.~~

~~(d) **Information return required.** Oklahoma producer-owned agricultural processing entities must file an information return, on a form prescribed by the Commission, reporting the amount of direct investment made during the preceding calendar year. The information return must be filed by January 31.~~

~~(e) **Tax credit moratorium.** No credit may be claimed for investments made during the period of July 1, 2010 through June 30, 2012, for which the credit would otherwise be allowable. This credit may be claimed for tax year 2012 and subsequent tax years, for direct investment in certain Oklahoma producer-owned agricultural processing entities made on or after July 1, 2012.~~

**710:50-15-86. Small Business Capital Company / Oklahoma Small Business Venture credits [REVOKED]**

~~(a) **Qualified Small Business Capital Company.** A qualified Small Business Capital Company can be a C or Subchapter S corporation, as defined in the Internal Revenue Code, incorporated pursuant to the laws of Oklahoma. It may also be a limited liability company or registered business partnership, with a certificate of partnership filed as required by law. The qualified Small Business Capital Company must be organized to provide the direct investment of equity or near equity funds to companies in this state. The principal place of business of the qualified Small Business Capital Company must be located within Oklahoma. The capitalization of the qualified Small Business Capital Company must be at least One Million Dollars (\$1,000,000.00). [See: 68 O.S. § 2357.61 for further details on capitalization] The qualified Small Business Capital Company cannot invest more than twenty percent (20%) of its funds in any one company.~~

~~(1) **Credit available.** For taxable years beginning after December 31, 1997, and before January 1, 2012, there is a credit available against Oklahoma Income Tax (68 O.S. § 2355) and the tax levied on state and national banking associations and credit unions (68 O.S. §2370) for investments in a qualified Small Business Capital Company. The credit is also available against the insurance premiums tax. [See: 36 O.S. §§624, 628]~~

~~(2) **General provisions.** The credit shall be equal to twenty percent (20%) of the qualified investment in a qualified Small Business Capital Company, and may only be claimed in the tax year in which the qualified Small Business Capital Company invests funds in an Oklahoma Small Business Venture. The credit is limited to the amount of the qualified investment which is subsequently invested in an Oklahoma small business venture by the qualified Small Business Capital Company.~~

~~(3) **Credit non-refundable, nontransferable; carryover provision.** This credit may not be taken as a refund; nor may it be transferred. If the credit exceeds the amount of tax due, any excess credit may be carried forward subject to the following limitations:~~

~~(A) The credit may be carried forward for a period not to exceed three (3) years for investments made on or after November 1, 2006.~~

~~(B) The credit may be carried forward for a period not to exceed ten (10) years for investments made prior to June 7, 2006.~~

~~(C) The credit may be carried forward for a period not to exceed ten (10) years for investments made on or after June 7, 2006 and prior to November 1, 2006, provided the following conditions are met:~~

~~(i) The person or entity claiming the credit obtained a favorable determination letter from the Tax Commission prior to March 15, 2006, regarding the ability to claim or otherwise utilize the tax credits;~~

~~(ii) The qualified investment satisfies a legitimate business purpose of the entity receiving the investment;~~

~~(iii) The investor's funds were at risk; and~~

~~(iv) The investment was not made chiefly for the purpose of generating tax credits.~~

~~(4) **Limitations on eligible claimants.** The credit is not available if the capital provided by a qualified Small Business Capital Company is used by an Oklahoma Small Business Venture for the acquisition of any other legal entity. Financial lending institutions are not eligible to claim this credit, except with respect to amounts invested in a qualified small business capital company. Further, the credit is not available for investments in which the Rural Small Business Capital Credit has been claimed.~~

~~(b) **Oklahoma Small Business Ventures.** An Oklahoma Small Business Venture can be any business, incorporated or unincorporated, which has, or will have, within one hundred eighty (180) days after a loan or investment by the qualified Small Business Capital Company, fifty percent (50%) of its employees or assets in Oklahoma. Further, the business must need financial assistance to start or expand, or must intend to provide goods and services. The business venture must qualify as a small business as defined by the federal Small Business Administration. Further, the Oklahoma Small Business Venture must expend within eighteen (18) months after the qualified investment at least fifty percent (50%) of the proceeds of the qualified investment for the acquisition of tangible or intangible assets which are used in the active conduct of the trade or business or to provide working capital for the active conduct of the trade or business. The Small Business Venture cannot be engaged in oil and gas exploration; real estate development, sales or rentals; wholesale or retail sales; farming; ranching; banking; or lending or investing funds in other businesses. However, businesses that provide or intend to provide goods or services to the aforementioned businesses shall not be considered primarily engaged in those activities.~~

~~(c) **Credit for investments made in conjunction with Qualified Small Business Capital Company Investment.** Investors in a Qualified Small Business Capital Company may also make an investment in an Oklahoma Small Business Venture, in conjunction with the investment by the Qualified Small Business Capital Company.~~

~~(1) **General provisions.** The credit shall be equal to twenty percent (20%) of the qualified investment in an Oklahoma Small Business Venture and may only be claimed in the tax year the qualified investment is made in the Oklahoma Small Business Venture.~~

~~(2) **Credit non-refundable, nontransferable; carryover provision.** This is a non-refundable credit and may not be transferred. If the credit exceeds the amount of tax due, any excess credit is eligible for carry forward for a period not to exceed three (3) taxable years.~~

~~(3) **Qualification.** To qualify for the credit made in conjunction with an investment made by the qualified small business:~~

~~(A) The investment must be made by a shareholder, member or a partner of the qualified Small Business Capital Company that has made a qualified investment in an Oklahoma Small Business Venture.~~

~~(B) Funds must be invested to purchase equity or near equity in an Oklahoma Small Business Venture.~~

~~(C) The qualified investment must be made under the same terms and conditions as the qualified investment made by the qualified Small Business Capital Company. The same terms and conditions do not apply to the dollar amount invested.~~

~~(D) The qualified investment made in conjunction with Qualified Small Business Capital Companies is limited to the lesser of two hundred percent (200%) of the taxpayer's qualified investment in the qualified Small Business Capital Company or two hundred percent (200%) of the qualified investment made by the qualified Small Business Capital Company in the Oklahoma Small Business Venture.~~

~~(d) **Reporting requirements.** Each qualified Small Business Capital Company shall file an annual report to the Oklahoma Tax Commission by April 30 of each year. This report is to contain a list of all funds invested in, or in conjunction with, the company which may qualify for the tax credit. The report is also to contain the amount of funds invested in, or in conjunction with, the qualified Small Business Capital Company, during the tax year, along with the names of the entity making the investment and appropriate federal identification numbers. This report is also to contain information regarding the type and amount of investments made by the qualified Small Business~~

Capital Company in Oklahoma Small Business Ventures.

~~(e) **Recordkeeping.** Each qualified Small Business Capital Company shall also make a written information report available to all investors in the qualified Small Business Capital Company. This information report shall show the name of the qualified Small Business Capital Company, the name of the investor, and the total amount of the investments made. This report shall be attached to the filed Oklahoma income tax return of the taxpayer claiming the credit.~~

~~(f) **Recapture.** The Tax Commission shall be authorized to recapture the credits otherwise authorized by the provisions of Sections 2357.62 and 2357.63 of Title 68 of the Oklahoma Statutes if it finds that the transaction does not meet the requirements of the Small Business Capital Formation Incentive Act. [68 O.S. § 2357.63A]~~

~~(g) **Tax credit moratorium.** No credit may be claimed for qualified investments in Oklahoma small business ventures during the period of June 1, 2010, through December 31, 2011. No amount of a qualified investment made in a qualified small business capital company which has not been invested in one or more Oklahoma small business ventures prior to June 1, 2010 is eligible for any credit otherwise authorized, and no investment made during the moratorium is eligible for a credit.~~

#### **710:50-15-86.1. Letter rulings pursuant to the Small Business Capital Formation Incentive Act [REVOKED]**

The Oklahoma Tax Commission will only issue letter rulings pursuant to the Small Business Capital Formation Incentive Act (68 O.S. §§2357.61 et seq.) as provided herein:

(1) A person or entity may request a ruling to determine whether a company meets the definition of a "qualified small business capital company". The requesting party must provide sufficient information to demonstrate that the company meets the following requirements for a qualified small business capital company:

(A) *A C Corporation or a subchapter S corporation, as defined by the Internal Revenue Code of 1986, as amended, incorporated pursuant to the laws of Oklahoma, limited liability company or a registered business partnership with a certificate of partnership filed as required by law;*

(B) The capital company is organized to provide the direct investment of equity and near-equity funds to companies within the state of Oklahoma as outlined in its organizational instrument, bylaws, articles of incorporation, or other agreement responsible for the governance of the capital company;

(C) The principal place of business of the capital company is located within this state;

(D) The capitalization of the capital company is not less than One Million Dollars (\$1,000,000.00); and

(E) No more than twenty percent (20%) of the capital company's capitalization is invested in any one company at any time during the calendar year of the capital company.

[68 O.S. Supp 2006, §2357.61(7)(a)-(d)]

(2) A qualified small business capital company may request a letter ruling to determine whether a business in which it intends to invest meets the definition of an "Oklahoma small business venture". The capital company must give sufficient information to show the small business venture meets the following requirements:

(A) Within one hundred eighty (180) days after a qualified investment is made by a qualified small business capital company, at least fifty percent (50%) of the business's employees or assets are in the state of Oklahoma;

~~(B) Needs financial assistance in order to commence or expand such business which provides or intends to provide goods or services;~~

~~(C) Is engaged in a lawful business activity under any Industry Number appearing under any Major Group Number of Divisions A, C, D, E, F or I of the Standard Industrial Classification Manual, 1987 revision with the following exceptions:~~

~~(i) Major Group 1 of Division A, and~~

~~(ii) Major Group 2 of Division A;~~

~~(D) Qualifies as a small business as defined by the federal Small Business Administration; and~~

~~(E) Intends to expend within eighteen (18) months of the qualified investment at least fifty percent (50%) of the proceeds of the investment to provide working capital for the active conduct of the trade or business or for the acquisition of tangible or intangible assets which are used in the active conduct of the trade or business for which the determination of the small business qualification pursuant to subparagraph (D) of paragraph 2 was made. [68 O.S. Supp 2006, §2357.61(5)(a)-(e)]~~

~~(3) A person or entity may request whether a transfer of funds meets the definition of a "qualified investment" under the Small Business Capital Formation Incentive Act. The requesting party must provide sufficient information to establish that the transfer of funds meets the definition of qualified investment under the Act.~~

~~(4) Requests for letter rulings issued pursuant to this Section are limited to paragraphs (1), (2) and (3) above. [68 O.S. §2357.63D]~~

~~(5) All other requests for rulings with respect to the Small Business Capital Formation Incentive Act should be submitted separately and shall be issued pursuant to OAC 710:1-3-73.~~

#### **710:50-15-87. Oklahoma Rural Small Business Capital Company / Rural Small Business Venture credits [REVOKED]**

~~(a) **Qualified Rural Small Business Capital Company.** A Qualified Rural Small Business Capital Company can be a C or Subchapter S corporation, as defined in the Internal Revenue Code, incorporated pursuant to the laws of Oklahoma. It may also be a limited liability company or registered business partnership, with a certificate of partnership filed as required by law. The qualified Rural Small Business Capital Company must be organized to provide the direct investment of equity or near equity funds to rural small business entities in this state. The principal place of business of the qualified Rural Small Business Capital Company must be located within Oklahoma and the capitalization must be at least Five Hundred Thousand Dollars (\$500,000.00). The qualified Rural Small Business Capital Company cannot invest more than twenty-five percent (25%) of its funds in any one rural small business entity.~~

~~(1) **Credit available.** For taxable years beginning after December 31, 2000, and before January 1, 2008, there is a credit available against the Oklahoma Income Tax levied by 68 O.S. § 2355; and the tax levied on state and national banking associations and credit unions by 68 O.S. § 2370, for investments in a qualified Rural Small Business Capital Company. The credit is also available against the insurance premiums tax. [See: 36 O.S. §§624, 628]~~

~~(2) **General provisions.** The credit shall be equal to thirty percent (30%) of the qualified investment in a qualified Rural Small Business Capital Company, and may only be claimed in the tax year in which the capital company invests funds in an Oklahoma Rural Small Business Venture. The credit is limited to the amount of the qualified investment which is subsequently~~

invested in an Oklahoma rural small business venture by the qualified Rural Small Business Capital Company, and is unavailable for investments made in qualified Rural Small Business Capital Companies made prior to January 1, 2001.

~~(3) Credit non-refundable, nontransferable; carryover provision.~~ This credit may not be taken as a refund; nor may it be transferred. If the credit exceeds the amount of tax due, any excess credit may be carried forward subject to the following limitations:

~~(A) The credit may be carried forward for a period not to exceed three (3) years for investments made on or after November 1, 2006.~~

~~(B) The credit may be carried forward for a period not to exceed ten (10) years for investments made prior to June 7, 2006.~~

~~(C) The credit may be carried forward for a period not to exceed ten (10) years for investments made on or after June 7, 2006 and prior to November 1, 2006, provided the following conditions are met:~~

~~(i) The person or entity claiming the credit obtained a favorable determination letter from the Tax Commission prior to March 15, 2006, regarding the ability to claim or otherwise utilize the tax credits;~~

~~(ii) The qualified investment satisfies a legitimate business purpose of the entity receiving the investment;~~

~~(iii) The investor's funds were at risk; and~~

~~(iv) The investment was not made chiefly for the purpose of generating tax credits.~~

~~(4) Limitations on eligible claimants.~~ The credit is not available if the capital provided by a qualified Rural Small Business Capital Company is used by an Oklahoma Rural Small Business Venture for the acquisition of any other legal entity. Financial lending institutions are not eligible to claim this credit, except with respect to amounts invested in a qualified Rural Small Business Capital Company. Further, the credit is not available for investments in which the Small Business Capital Credit has been claimed.

~~(b) Oklahoma Rural Small Business Ventures.~~ An Oklahoma Rural Small Business Venture can be any business, incorporated or unincorporated, which has, or will have, within one hundred eighty (180) days after a loan or investment by the qualified Rural Small Business Capital Company, fifty percent (50%) of its employees or assets in Oklahoma. Further, the business must need financial assistance to start or expand, and must provide or intend to provide goods and services. The business venture must qualify as a small business as defined by the federal Small Business Administration. Further the Rural Small Business Venture must expend within eighteen (18) months after the qualified investment at least fifty percent (50%) of the proceeds of the qualified investment for the acquisition of tangible or intangible assets which are used in the active conduct of the trade or business or to provide working capital for the active conduct of the trade or business. The Rural Small Business Venture cannot be engaged in oil and gas exploration; real estate development, sales or rentals; wholesale or retail sales; farming; ranching; banking; or lending or investing funds in other businesses. However, businesses that provide or intend to provide goods or services to the aforementioned businesses shall not be considered primarily engaged in those activities.

~~(c) Credit for investments made in Oklahoma Rural Small Business Ventures in conjunction with investment by qualified Rural Small Business Capital Company.~~ Shareholders or partners in a qualified Rural Small Business Capital Company may also make an investment in an Oklahoma Rural Small Business Venture, in conjunction with the investment by the qualified Rural Small Business Capital Company.

~~(1) General provisions.~~ The credit shall be equal to thirty percent (30%) of the qualified

~~investment in an Oklahoma Rural Small Business Venture and may only be claimed in the tax year the qualified investment is made in the Oklahoma Rural Small Business Venture.~~

~~(2) **Credit non-refundable, nontransferable; carryover provision.** This is a non-refundable credit and may not be transferred. If the credit exceeds the amount of tax due, any excess credit is eligible for carry forward for a period not to exceed three (3) taxable years.~~

~~(3) **Qualification.** To qualify for the credit made in conjunction with an investment made by the qualified Rural Small Business Capital Company:~~

~~(A) The investment must be made by a shareholder, member or a partner of the qualified Rural Small Business Capital Company that has made a qualified investment in an Oklahoma Rural Small Business Venture.~~

~~(B) Funds must be invested to purchase equity or near equity in the Rural Small Business Venture.~~

~~(C) The qualified investment must be made under the same terms and conditions as the qualified investment made by the qualified Rural Small Business Capital Company. The same terms and conditions do not apply to the dollar amount invested.~~

~~(D) The qualified investment made in conjunction with qualified Rural Small Business Capital Companies is limited to the lesser of two hundred percent (200%) of the taxpayer's qualified investment in the qualified Rural Small Business Capital Company, or two hundred percent (200%) of the qualified investment made by the qualified Rural Small Business Capital Company in the Rural Small Business Venture.~~

~~(d) **Reporting requirements.** Each qualified Rural Small Business Capital Company shall file an annual report to the Oklahoma Tax Commission by April 30 of each year. This report is to contain a list of all funds invested in, or in conjunction with, the company which may qualify for the tax credit. The report is also to contain the amount of funds invested in, or in conjunction with, the qualified Rural Small Business Capital Company, during the tax year, along with the names of the entity making the investment and appropriate federal identification numbers. This report is also to contain information regarding the type and amount of investments made by the qualified Rural Small Business Capital Company in Oklahoma Rural Small Business Ventures.~~

~~(e) **Recordkeeping.** Each qualified Rural Venture Capital Company shall also make a written information report available to all investors in the qualified Rural Venture Capital Company. This information report shall show the name of the qualified Rural Venture Capital Company, the name of the investor, and the total amount of the investments made. This report shall be attached to the filed Oklahoma income tax return of the taxpayer claiming the credit.~~

~~(f) **Recapture.** *The Tax Commission shall be authorized to recapture the credits otherwise authorized by the provisions of Sections 2357.73 and 2357.74 of Title 68 of the Oklahoma Statutes if it finds that the transaction does not meet the requirements of the Rural Venture Capital Formation Incentive Act.* [68 O.S. § 2357.74A]~~

~~(g) **Tax credit moratorium.** No credit may be claimed for qualified investments in Oklahoma rural small business ventures during the period of June 1, 2010, through December 31, 2011. No amount of a qualified investment made in a qualified rural small business capital company which has not been invested in one or more Oklahoma rural small business ventures prior to June 1, 2010 is eligible for any credit otherwise authorized, and no investment made during the moratorium is eligible for a credit.~~

**710:50-15-87.1. Letter rulings pursuant to the Rural Venture Capital Formation Incentive Act [REVOKED]**

~~The Oklahoma Tax Commission will only issue letter rulings pursuant to the Rural Venture Capital Formation Incentive Act (68 O.S. §§ 2357.71 et seq.) as provided herein:~~

~~(1) A person or entity may request a ruling to determine whether a company meets the definition of a "qualified rural small business capital company". The requesting party must provide sufficient information to demonstrate that the company meets the following requirements for a qualified rural small business capital company:~~

~~(A) A C Corporation or a subchapter S corporation, as defined by the Internal Revenue Code of 1986, as amended, incorporated pursuant to the laws of Oklahoma, limited liability company or a registered business partnership with a certificate of partnership filed as required by law;~~

~~(B) The capital company is organized to provide the direct investment of equity and near equity funds to companies within the state of Oklahoma as outlined in its organizational instrument, bylaws, articles of incorporation, or other agreement responsible for the governance of the capital company;~~

~~(C) The principal place of business of the capital company is located within this state;~~

~~(D) The capitalization of the capital company is not less than Five Hundred Thousand Dollars (\$500,000.00); and~~

~~(E) No more than twenty five percent (25%) of the capital company's capitalization is invested in any one company at any time during the calendar year of the capital company. [68 O.S. Supp 2006, §2357.72(8)(a)-(d)]~~

~~(2) A qualified rural small business capital company may request a letter ruling to determine whether a business in which it intends to invest meets the definition of an "Oklahoma rural small business venture". The capital company must give sufficient information to show the rural small business venture meets the following requirements:~~

~~(A) Has or will have within one hundred eighty (180) days after a qualified investment is made by a qualified small business capital company, at least fifty percent (50%) of its employees or assets in Oklahoma;~~

~~(B) Needs financial assistance in order to commence or expand such business which provides or intends to provide goods or services;~~

~~(C) Is engaged in a lawful business activity under any Industry Number appearing under any Major Group Number of Divisions A, C, D, E, F or I of the Standard Industrial Classification Manual, 1987 revision with the following exceptions:~~

~~(i) Major Group 1 of Division A, and~~

~~(ii) Major Group 2 of Division A;~~

~~(D) Qualifies as a small business as defined by the federal Small Business Administration;~~

~~(E) Intends to expend within eighteen (18) months of the qualified investment at least fifty percent (50%) of the proceeds of the investment to provide working capital for the active conduct of the trade or business or for the acquisition of tangible or intangible assets which are used in the active conduct of the trade or business for which the determination of the small business qualification pursuant to subparagraph (D) of this paragraph 2 was made, and~~

~~(F) Has its principal place of business within a nonmetropolitan area of the state and conducts the activity resulting in at least seventy five percent (75%) of its gross annual revenue from a nonmetropolitan area of the state. [68 O.S. Supp 2006, §2357.72(6)(a)-(f)]~~

~~(f)]~~

~~(3) A person or entity may request whether a transfer of funds meets the definition of a "qualified investment" under the Rural Venture Capital Formation Incentive Act. The requesting party must provide sufficient information to establish that the transfer of funds meets the definition of qualified investment under the Act.~~

~~(4) Requests for letter rulings issued pursuant to this Section are limited to paragraphs (1), (2) and (3) above. [68 O.S.2357.74D]~~

~~(5) All other requests for rulings with respect to the Rural Venture Capital Formation Incentive Act should be submitted separately and shall be issued pursuant to OAC 710:1-3-73.~~

**710:50-15-93. Credit for qualified Oklahoma space transportation vehicle providers [REVOKED]**

~~(a) **General provisions.** There shall be allowed a transferable credit against the tax imposed by 68 O.S. § 2355 or 36 O.S. §§624 or 628, for an investment in qualifying Space Transportation Vehicle Providers ("Providers"). In order to qualify for the credit Providers must meet certain eligibility requirements.~~

~~(b) **Definitions.** The following words and terms, when used in this Section, shall have the following meaning, unless the context clearly indicates otherwise:~~

~~(1) **"Eligible investment"** means an unencumbered investment in a qualified Space Transportation Vehicle Provider made between January 1, 2001, and December 31, 2003.~~

~~(2) **"Equity capitalization"** means assets minus liabilities.~~

~~(3) **"Qualified space transportation vehicle provider"** means *any commercial provider organized under the laws of this state as a corporation or a limited liability company and engaged in designing, developing, producing, or operating commercial space transportation vehicles in this state.* [68 O.S. § 2357.42(C)(2)]~~

~~(4) **"Space transportation vehicles"** means *all types of vehicles or orbital or suborbital spacecraft, whether now in existence, developed in the future, or currently under design, development, construction, reconstruction, or reconditioning, constructed in this state and owned by a qualified space transportation vehicle provider, for the purpose of operating in, or transporting a payload to, from, or within, outer space, or in suborbital trajectory, and includes any component of such vehicle or spacecraft not specifically designed or adapted for a payload.* [68 O.S. § 2357.42(C)(3)]~~

~~(5) **"Subsequently refunded or returned"**, when used in reference to an eligible investment, means *an actual redemption by the qualified space transportation vehicle provider of the securities or other indicia of ownership in the qualified space transportation vehicle provider received by the investor from the investor's investment.* [68 O.S. § 2357.42(C)(4)]~~

~~(c) **Eligibility requirements.** In order to qualify for the credit, application must be made to the Oklahoma Tax Commission, along with supporting documentation outlining certain minimum qualifications. The Tax Commission must certify that the applicant meets the following minimum qualifications:~~

~~(1) The applicant must be headquartered in this state or ultimately controlled by an entity headquartered in this state;~~

~~(2) The applicant must have been pre-approved by the Oklahoma Department of Commerce to receive incentive payments under the Quality Jobs Program Act or the Former Military Facility Development Act as a basic industry. Determination of eligibility under the Quality Jobs Programs Act or the Former Military Facility Development Act is under the discretion of the Oklahoma Department of Commerce.~~

- (3) ~~The applicant must have at least Ten Million Dollars (\$10,000,000) in equity capitalization.~~
- (4) ~~The applicant must have received a commitment from a local governmental entity in the aggregate amount of Fifteen Million Dollars (\$15,000,000) under the terms outlined in 68 O.S. Section 2357.42(C)(1)(b)(3).~~
- (d) ~~**Certification process.** Upon a written request, the Tax Commission will certify, in writing, to an authorized agent or representative of a qualified provider that the eligibility requirements for the credit set out in Subsection (e) have been met. The Tax Commission, through its General Counsel, will review the documents submitted, which will vary on a case-by-case basis. Determination of the adequacy and sufficiency of all documentation provided to determine eligibility for the credit pursuant to this Section is at the discretion of the Office of the General Counsel.~~
- (e) ~~**Maximum credit.** The maximum amount of investment eligible for the credit is Thirty Million Dollars (\$30,000,000). If more than one applicant is certified as eligible by the Tax Commission:~~
- (1) ~~Investors in the first approved qualified space transportation vehicle provider will be eligible for a credit based on the lesser of:~~
- (A) ~~Their eligible investment; or,~~
- (B) ~~Thirty Million Dollars (\$30,000,000).~~
- (2) ~~Investors in the second and subsequent qualified space transportation vehicle providers approved will be eligible for the credit based on the lesser of:~~
- (A) ~~Their eligible investment; or,~~
- (B) ~~The difference between the total investments in previously approved Providers and Thirty Million Dollars (\$30,000,000).~~
- (f) ~~**Amount of credit.** The credit will be available as a percentage of the eligible investment, as follows:~~
- (1) ~~In the first tax year after the eligible investment, ten and six tenths of one percent (10.6 percent) of the eligible investment may be claimed and is redeemable.~~
- (2) ~~In the second tax year after the eligible investment, eleven and two hundred thirty six one thousandths of one percent (11.236 percent) of the eligible investment may be claimed and is redeemable.~~
- (3) ~~In the third tax year after the eligible investment, eleven and ninety one hundredths of one percent (11.91 percent) of the eligible investment may be claimed and is redeemable.~~
- (4) ~~In the fourth tax year after the eligible investment, twelve and six hundred twenty four one thousandths of one percent (12.624 percent) of the eligible investment may be claimed and is redeemable.~~
- (5) ~~In the fifth tax year after the eligible investment, thirteen and three hundred eighty one one thousandths of one percent (13.381 percent) of the eligible investment may be claimed and is redeemable.~~
- (g) ~~**Record retention.** Any qualified space transportation vehicle provider must maintain a record of the investments made in the qualifying space transportation vehicles between January 1, 2001, and December 31, 2003. Qualifying space transportation vehicle providers must submit to the Tax Commission the amount of total investment for this period not later than January 31, 2003. Qualifying space transportation vehicle providers must notify the Tax Commission in writing of any amounts refunded or returned to an investor. Such notification must include the amounts refunded, the recipient and the recipient's tax identification number.~~

~~(h) **Transferability.** The credit provided shall be freely transferable and failure to allow the tax credits or the recapture of the tax credits shall not affect the validity of the tax credits in the hands of a transferee of the initial investor or subsequent transferees.~~

**710:50-15-101. Twenty-five percent (25%) Film and Music Profit Reinvestment Credit**

(a) **General provisions.** ~~There~~ For taxable years ending before January 1, 2015, there shall be allowed against the tax imposed by 68 O.S. § 2355, a credit equal to twenty-five percent (25%) of the profit from the investment in an existing Oklahoma film or music project with a production company to pay for production costs that is reinvested by the taxpayer with a production company for a new Oklahoma film or music project.

(b) **Definitions.** The following words and terms, when used in this Section, shall have the following meaning, unless the context clearly indicates otherwise:

(1) **"Film"** means *a professional single media, multimedia program or feature, which is not child pornography as defined in subsection A of Section 1024.1 of Title 21 of the Oklahoma Statutes or obscene material as defined in paragraph 1 of subsection B of Section 1024.1 of Title 21 of the Oklahoma Statutes including, but not limited to, national advertising messages that are broadcast on a national affiliate or cable network, fixed on film or digital video, which can be viewed or reproduced and which is exhibited in theaters, licensed for exhibition by individual television stations, groups of stations, networks, cable television stations or other means or licensed for home viewing markets;* [68 O.S. § 2357.101 (D)(1)]

(2) **"Music project"** means *a professional recording released on a national or international level, whether via traditional manufacturing or distributing or electronic distribution, using technology currently in use or future technology including, but not limited to, music CDs, radio commercials, jingles, cues, or electronic device recordings;* [68 O.S. § 2357.101 (D)(2)]

(3) **"Production company"** means *a person who produces a film or music project for exhibition in theaters, on television or elsewhere;* [68 O.S. § 2357.101(D)(3)]

(4) **"Total production cost"** includes, but is not limited to:

(A) *wages or salaries of persons who have earned income from working on a film or music project in this state, including payments to personal services corporations with respect to the services of qualified performing artists, as determined under Section 62(a)(A) of the Internal Revenue Code,*

(B) *the cost of construction and operations, wardrobe, accessories and related services,*

(C) *the cost of photography, sound synchronization, lighting and related services,*

(D) *the cost of editing and related services,*

(E) *rental of facilities and equipment, and*

(F) *other direct costs of producing of a film or music project.* [68 O.S. § 2357.101(D)(4)]

(5) **"Profit"**, when used in reference to an eligible investment, means the amount made by the taxpayer to be determined as follows:

(A) *the gross revenues less gross expenses, including direct production, distribution and marketing costs and an allocation of indirect overhead costs, of the film or music project shall be multiplied by,*

(B) *a ratio, the numerator of which is Oklahoma production costs as defined in paragraph 6 of this subsection, and the denominator of which is total production costs, as defined in paragraph 4 of this subsection, which shall be multiplied by,*

(C) *the percent of the taxpayer's taxable income allocated to Oklahoma in a taxable year, and*

(D) *subtract from the result of the formula calculated pursuant to subparagraphs A through C of this paragraph the profit made by a taxpayer from investment in an existing Oklahoma film or music project in previous taxable years. Profit shall include either a net profit or net loss.*

(6) **"Oklahoma production cost"** means that portion of total production costs which are incurred with any qualified vendor.

(7) **"Qualified vendor"** means an Oklahoma entity which provides goods or services to a production company and:

(A) fifty percent (50%) of more of the vendor's employees are Oklahoma residents, and

(B) fifty percent (50%) or more of gross wages, as reported on IRS Form W-2 or Form 1099, are paid to Oklahoma residents.

(C) For purposes of paragraph 7, an employee shall include a self-employed individual reporting income from a qualified vendor on IRS Form 1040.

(8) **"Investment"** means costs associated with the original production company. Film or music projects acquired from an original production company do not qualify as investment under subsection (a) of this section.

(9) **"Reinvestment"** means the taxpayer invests twenty-five percent (25%) of the profit received from an existing Oklahoma film to pay for the production cost of the production company for a new Oklahoma film or music project.

(10) **"Existing Oklahoma film or music production"** means an existing Oklahoma Film or Music Project as determined by the Oklahoma Film or Music Office.

(11) **"New Oklahoma film or music project"** is a film or music project that has commenced production in Oklahoma after June 6, 2005 as certified by the Oklahoma Film or Music Office.

(c) **Eligibility requirements.** In order to qualify for the film and music production twenty-five percent (25%) profit reinvestment tax credit, a film or music production company must first be approved by the Oklahoma Film and Music Office. After approval, the company may apply for the credit by submitting a completed Oklahoma Tax Commission Form 562 to the Oklahoma Tax Commission with their income tax return. Supporting documentation listed below must be provided to the Oklahoma Tax Commission upon request.

(1) A copy of the approval from the Film and Music Office.

(2) A copy of the final cost-accounting summary for the project with a breakout of Oklahoma costs for each line item.

(3) The name, address, social security number and amount paid to every resident of Oklahoma for whom the company wishes to claim credit for wages/salaries.

(4) Other documents that the Tax Commission may require ascertaining the validity of the credit.

(d) **Transferability.** The credit provided is not transferable.

(e) **Tax credit moratorium.** No credit may be claimed for reinvestments occurring during the period of July 1, 2010 through June 30, 2012, for which the credit would otherwise be allowable. This credit may be claimed for tax year 2012 and subsequent tax years, for reinvestments on or after July 1, 2012, of the profit from the investment in an existing Oklahoma film or music project with a production company for a new Oklahoma film or music project.

#### **710:50-15-107. Eligible wage and modification expenses credits**

(a) **General provisions regarding credit based on wages.** ~~Effective for tax year 2006~~ For taxable years ending before January 1, 2015, a credit of ten percent (10%) is available to employers

based on wages paid for employees returning to work in restricted duties. The credit is based on eligible gross wages paid for a 90-day period. Eligible wages are those that are compensable under the Workers Compensation Act and are paid upon the employees return to work under restricted duty. The credit may not exceed five thousand dollars for any employee, and may not exceed twenty-five thousand dollars (\$25,000) for any employer in a taxable year.

(1) **Definitions.** The following words and terms, when used regarding the eligible wage credit, shall have the following meaning, unless the context clearly indicates otherwise:

(A) "**Eligible wages**" are gross wages paid by an employer to an employee who is injured as a result of an injury which is compensable under the Workers' Compensation Act. The wages must be paid beginning when the employee returns to work with restricted duties as provided by the employee's treating physician or an independent medical examiner before the employee has reached maximum medical improvement. Wages paid after ninety (90) days or when the employee has reached maximum medical improvement are not eligible wages.

(B) "**Employee**", "**employer**", "**maximum medical improvement**", "**treating physician**", and "**wages**" shall be defined as in Section 3 of Title 85 of the Oklahoma Statutes.

(2) **Limitations.** The credit may not exceed five thousand dollars for any employee, and may not exceed twenty-five thousand dollars (\$25,000) for any employer in a taxable year. This credit is not transferable.

(b) **General provisions for credit based on modification expenses.** ~~Effective for tax year 2006~~ For taxable years ending before January 1, 2017, a credit of fifty percent (50%) is available for eligible modification expenses that enable an injured worker to return to work under restricted duty.

(1) **Definitions.** The following words and terms, when used regarding the credit based on modification expenses, shall have the following meaning, unless the context clearly indicates otherwise.

(A) "**Eligible modification expenses**" are expenses incurred by an employer to modify a workplace, tools or equipment or to obtain new tools or equipment which are incurred by an employer solely to enable a specific injured employee who is injured as a result of an injury which is compensable under the Workers' Compensation Act to return to work with restricted duties as provided by the employee's treating physician or an independent medical examiner before the employee has reached maximum medical improvement, and which workplace, tools or equipment are used primarily by the injured employee.

(B) "**Employee**", "**employer**", "**maximum medical improvement**", "**treating physician**", and "**wages**" shall be defined as in Section 3 of Title 85 of the Oklahoma Statutes.

(2) **Limitations.** The credit may not exceed one thousand dollars (\$1,000) for any employee, and may not exceed ten thousand dollars (\$10,000) for any employer in a taxable year. This credit is not transferable.

(c) **Tax credit moratorium.** No credit may be claimed for any expenditure made during the period of July 1, 2010 through June 30, 2012, for which the credit would otherwise be allowable. This credit may be claimed for tax year 2012 and subsequent tax years, for wages paid or modification expenses made on or after July 1, 2012.

#### **710:50-15-109. Credit for qualified employers and employees of the aerospace sector**

(a) **General provisions.** For tax years beginning after December 31, 2008 and before January 1, 2015 ~~2018~~, three (3) credits are allowed against the tax imposed by Section 2355 of Title 68 for the employment of qualified employees in the aerospace sector. The three (3) credits are as follows:

- (1) Credit for qualified employers for tuition reimbursement to qualified employees.
- (2) Credit for qualified employers for compensation paid to qualified employees.
- (3) Credit for qualified employees.

(b) **Definitions.** The following words and terms, when used in this Section, shall have the following meaning, unless the context clearly indicates otherwise:

(1) "**Aerospace sector**" is a private or public organization that is:

- (A) a manufacturer of aerospace or defense hardware and/or software;
- (B) provides aerospace maintenance, repair or overhaul;
- (C) supplies parts to the aerospace industry;
- (D) provides services and/or support relating to the aerospace industry;
- (F) provides research and development of aerospace technology and systems, or
- (G) provides education or training of aerospace personnel.

(2) "**Compensation**" includes salary or other remuneration, wages subject to withholding tax paid to either a part-time employee or full-time employee and payments in the form of contract labor for which the payor is required to provide a Form 1099 to the person paid. Compensation does not include any employer-provided benefits, including but not limited to retirement, medical or health-care benefits; reimbursement for travel, meals, lodging or any other expense.

(3) "**Institution**" is any institution included within The Oklahoma State System of Higher Education or any other public or private college or university that is accredited by a national accrediting body.

(4) "**Qualified employer**" is an entity whose principal business activity involves the aerospace sector. This includes sole proprietors, general partnerships, limited partnerships, limited liability companies, corporations, or any other legally recognized business entity, or public entity.

(5) "**Qualified employee**" is any person, regardless of the date of hire by the qualified employer, newly employed by or contracting with a qualified employer in Oklahoma on or after January 1, 2009 ~~employed in Oklahoma~~. Further, the person must have been awarded an undergraduate or graduate degree from a qualified program by an institution. Qualified employees do not include a person employed in the aerospace sector in this state immediately preceding employment or contracting with a qualified employer. Qualified employee may include a person who was employed in the aerospace sector, but not as a full-time engineer, prior to being awarded an undergraduate or graduate degree from a qualified program by an institution or any person who has been awarded an undergraduate or graduate degree from a qualified program by an institution and is employed by a professional staffing company and assigned to work in the aerospace sector in this state.

(6) "**Qualified program**" is any program that awards undergraduate or graduate degrees and has been accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology (ABET)

(7) "**Tuition**" is the average annual amount paid by a qualified employee for enrollment and instruction in a qualified program. Tuition does not include the cost of books, any

other fees or the cost of room and board.

**(c) Credit for tuition reimbursement.**

(1) Qualified employers are allowed a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes based on the amount of tuition reimbursed to a qualified employee. This credit is effective for taxable years beginning after December 31, 2008.

(2) The credit for tuition reimbursement may only be claimed if the qualified employee has been awarded an undergraduate or graduate degree within one (1) year of starting employment with the qualified employer. The undergraduate or graduate degree must be from a qualified program.

(3) The credit for tuition reimbursement is equal to fifty percent (50%) of the tuition reimbursed to a qualified employee and may be claimed for the first through fourth years of employment with the qualified employer. The credit is only allowed to be claimed in the tax year that the tuition was reimbursed to the qualified employee and may not exceed in any taxable year 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.

(4) The credit for tuition reimbursement may not be used to reduce the tax liability of the qualified employer to less than zero (0), is not transferable and may not be carried over.

(5) The credit for tuition reimbursement may not be claimed after the fourth year of employment of the qualified employee.

**(d) Credit for compensation paid.**

(1) Qualified employers are allowed a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes for compensation paid to a qualified employee. This credit is effective for taxable years beginning after December 31, 2008.

(2) The credit for compensation paid equals:

(A) 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.

(B) 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.

(3) The credit for compensation paid cannot exceed Twelve Thousand Five Hundred Dollars (\$12,500.00) for each qualified employee annually.

(4) The credit for compensation paid may not be used to reduce the tax liability of the qualified employer to less than zero (0), is not transferable and may not be carried over.

(5) The credit for compensation paid may not be claimed after the fifth year of employment.

**(e) Credit for qualified employees.**

(1) For taxable years beginning after December 31, 2008, a qualified employee shall be allowed a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes of up to Five Thousand Dollars (\$5,000.00) per year for a period of time not to exceed five (5) years.

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

(3) Any credit claimed, but not used, may be carried over, in order, to each of the five (5)

subsequent taxable years.

**(f) Tax credit moratorium.**

(1) No credit may be claimed for any tuition reimbursed by a qualified employer to a qualified employee for the period of July 1, 2010 through June 30, 2011 for which the credit would otherwise be allowable. For example:

(A) Qualified employee is hired by qualified employer on January 1, 2010. Qualified employer may receive a tax credit for tuition reimbursed from January 1, 2010 to June 30, 2010. Qualified employer shall not receive a tax credit for tuition reimbursed for the period of July 1, 2010 to June 30, 2011. Qualified employer may receive a tax credit for tuition reimbursed for the period of July 1, 2011 to December 31, 2013. Qualified employer shall not receive a tax credit for tuition reimbursed to the qualified employee on or after January 1, 2014 because it is outside the four (4) year limitation.

(B) Qualified employee is hired by qualified employer on July 1, 2010. Qualified employer shall not receive a tax credit for tuition reimbursed for the period of July 1, 2010 to June 30, 2011. Qualified employer may receive a tax credit for tuition reimbursed for the period of July 1, 2011 to June 30, 2014. Qualified employer shall not receive a tax credit for tuition reimbursed to the qualified employee on or after July 1, 2014 because it is outside the four (4) year limitation.

(2) No credit may be claimed for compensation paid to a qualified employee for the period of July 1, 2010 through June 30, 2011, for which the credit would otherwise be allowable. For example:

(A) Qualified employee is hired by qualified employer on January 1, 2010. Qualified employer may receive a tax credit for compensation paid for the period of January 1, 2010 to June 30, 2010. Qualified employer shall not receive a tax credit for compensation paid for the period of July 1, 2010 to June 30, 2011. Qualified employer may receive a tax credit for compensation paid for the period of July 1, 2011 to December 31, 2014. Qualified employer shall not receive a tax credit for compensation paid to a qualified employee on or after January 1, 2015 because it is outside the five (5) year limitation.

(B) Qualified employee is hired by qualified employer on July 1, 2010. Qualified employer shall not receive a tax credit for compensation paid for the period of July 1, 2010 to June 30, 2011. Qualified employer may receive a tax credit for compensation paid for the period of July 1, 2011 to June 30, 2015. Qualified employer shall not receive a tax credit for compensation paid to a qualified employee on or after July 1, 2015 because it is outside the five (5) year limitation.

(3) No credit may be claimed by a qualified employee for the period of July 1, 2010 through June 30, 2011, for which the credit would otherwise be allowable. For example:

(A) Qualified employee is hired by qualified employer on January 1, 2010. Qualified employee may receive an income tax credit for tax years 2010, 2011, 2012, 2013 and 2014. Employee shall not receive an income tax credit for tax year 2015, or subsequent tax years, due to the five (5) year limitation.

(B) Qualified employee is hired by qualified employer on July 1, 2010. Qualified employee may receive an income tax credit for tax years 2011, 2012, 2013 and 2014. Employee shall not receive a tax credit for tax years 2010 due to the tax credit moratorium. Employee shall not receive a tax credit for tax year 2015, or

subsequent tax years, due to the five (5) year limitation.

**710:50-15-111. Wire transfer fee credit**

**(a) General provisions:** ~~For tax year 2009 and subsequent tax years~~ For taxable years ending before January 1, 2017, a credit is allowed against the tax imposed under 68 O.S. § 2355 in the amount of all electronic funds transfers fees paid per 63 O.S. § 2-503.1j by any individual or entity.

**(b) When to claim credit:** The credit for fees paid between July 1, 2009 and December 31, 2010 cannot be claimed prior to January 1, 2011 and must be claimed on the 2010 income tax return. The credit for fees paid on or after January 1, 2011 must be claimed on the tax return that corresponds with the tax year during which the fees were paid.

**(c) Credit non-refundable, nontransferable; carryover provision.** This credit may not be taken as a refund; nor may it be transferred. If the credit exceeds a taxpayer's liability, unused credits may be carried over for five (5) succeeding years.

**710:50-15-114. Credit for contributions to a scholarship-granting organization**

**(a) General provisions.** An income tax credit is available for contributions to an eligible scholarship-granting organization. [68 O.S. § 2357.206]

**(b) Credit.** The credit is generally fifty percent (50%) of the total amount of contributions made during a taxable year, not to exceed One Thousand Dollars (\$1,000) for each taxpayer or Two Thousand Dollars (\$2,000) for married taxpayers filing jointly, or One Hundred Thousand Dollars (\$100,000) for any taxpayer which is a legal business entity, subject to the limitation in ~~(d)~~ **(e)** of this Section. Tax credits which are allocated by a pass-through entity to equity owners are only limited in amount for the income tax return of a natural person based upon the limitation of the total credit amount to the entity from which the tax credits have been allocated, and not 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.

**(c) Two year commitment.** For a taxpayer who makes an eligible contribution and makes a written commitment to contribute the same amount for two (2) additional consecutive years, the credit shall be seventy-five percent (75%) of the amount of the contribution the first year, and fifty percent (50%) of the amount of the contributions the following two (2) years. The taxpayer shall provide evidence of the written commitment to the Tax Commission when the tax return claiming the credit is filed the first year.

**(d) Registration.** An eligible scholarship-granting organization is required to register with the Tax Commission (OTC Form 80002).

~~(d)~~ **(e) Limitation of credit.** If total credits claimed exceed ~~\$1,750,000~~ \$3,500,000 annually for ~~single individuals and married individuals filing jointly, or \$1,750,000 for all other taxpayers,~~ the credit shall be equal to the taxpayer's proportionate share of the cap for the taxable year per ~~(e)(2)~~ **(f)(2)** of this Section. At least once each taxable year, the eligible scholarship-granting organization shall notify each contributor that Oklahoma law provides for a total statewide cap on the amount of income tax credits allowed annually.

**(e) (f) Annual notification.**

(1) By January 10 each year, the scholarship-granting organization shall provide electronically to the Tax Commission:

(A) The scholarship-granting organization's account number;

(B) ~~The name and social security number or federal employer identification number of each contributor; and~~ sufficient other information to accurately determine the identity of each contributor;

(C) ~~The date and amount of each contribution; ; and~~

(D) Whether the taxpayer made a written commitment to contribute the same amount for two (2) additional consecutive years.

(2) By February 15 each year, the Tax Commission shall publish the percentage of the contribution which may be claimed as a credit on the Tax Commission's website. The scholarship-granting organizations shall notify contributors of that amount annually.

(f) (g) **Ninety percent (90%) requirement.** Effective January 1, 2014, a credit will not be allowed by the Tax Commission for contributions made to an eligible scholarship-granting organization if the organization's percentage of funds actually awarded is less than ninety percent (90%). In order to determine this amount, the total amount of funds actually awarded over the most recent twenty-four (24) months shall be divided by the total amount available to award over the most recent twenty-four (24) months.

(g) (h) **When credits may be claimed.** Any tax credits which are earned by a taxpayer during the time period beginning on August 26, 2011 through December 31, 2012, may not be claimed for any taxable year beginning before January 1, 2013 and may not be used to file an amended tax return for any taxable year beginning before January 1, 2013.

(h) (i) **Limitations.** The credit will not reduce the tax liability of the taxpayer to less than zero (0) and any credit allowed but not used may be carried over, in order, to each of the three (3) subsequent taxable years. The credit is not transferable.

#### **710:50-15-115. Credit for contributions to an educational improvement grant organization**

(a) **General provisions.** An income tax credit is available for contributions to an eligible educational improvement grant organization. [68 O.S. § 2357.206]

(b) **Application.** An educational improvement grant organization shall submit an application to the Tax Commission (OTC Form 80001). The Tax Commission shall review and approve or disapprove the application, in consultation with the State Department of Education.

(c) **Credit.** The credit is generally fifty percent (50%) of the total amount of contributions made during a taxable year, not to exceed One Thousand Dollars (\$1,000) for each taxpayer or Two Thousand Dollars (\$2,000) for married taxpayers filing jointly or One Hundred Thousand Dollars (\$100,000) for any taxpayer which is a legal business entity, subject to the limitation in (e) of this Section. Tax credits which are allocated by a pass-through entity to equity owners are only limited in amount for the income tax return of a natural person based upon the limitation of the total credit amount to the entity from which the tax credits have been allocated, and not 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) **Two year commitment.** For a taxpayer who makes an eligible contribution and makes a written commitment to contribute the same amount for two (2) additional consecutive years, the credit shall be seventy-five percent (75%) of the amount of the contribution the first year, and fifty percent (50%) of the amount of the contributions the following two (2) years. The taxpayer shall provide evidence of the written commitment to the Tax Commission when the tax return claiming the credit is filed the first year.

(e) **Limitation of credit.** If total credits claimed exceed \$1,500,000 annually, the credit shall be equal to the taxpayer's proportionate share of the cap for the taxable year per (f)(2) of this

Section. At least once each taxable year, 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.

**(f) Annual notification.**

(1) By January 10 each year, the educational improvement grant organization shall provide electronically to the Tax Commission:

(A) The educational improvement grant organization's account number;

(B) ~~The name and social security number or federal employer identification number of each contributor;~~ and sufficient other information to accurately determine the identity of each contributor;

(C) The date and amount of each contribution; and

(D) Whether the taxpayer made a written commitment to contribute the same amount for two (2) additional consecutive years.

(2) By February 15 each year, the Tax Commission shall publish the percentage of the contribution which may be claimed as a credit on the Tax Commission's website. The educational improvement grant organization shall notify contributors of that amount annually.

**(g) Annual report.** In order to maintain eligibility, an educational improvement grant organization shall annually report the following information to the Tax Commission, on forms prescribed by the Tax Commission, on or before September 1 of each year:

(1) *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,*

(2) *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,*

(3) *The names of the public school and school districts where innovative educational programs that received grants during the immediately preceding school year were implemented,*

(4) *Where the organization collects information on a county-by-county basis, and*

(5) *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.*

**(h) Ninety percent (90%) requirement.** Effective January 1, 2014, a credit will not be allowed by the Tax Commission for contributions made to an eligible educational improvement grant organization if the organization's percentage of funds actually awarded is less than ninety percent (90%). In order to determine this amount, the total amount of funds actually awarded over the most recent twenty-four (24) months shall be divided by the total amount available to award over the most recent twenty-four (24) months.

**(i) When credits may be claimed.** Any tax credits which are earned by a taxpayer during the time period beginning on August 26, 2011 through December 31, 2012, may not be claimed for any taxable year beginning before January 1, 2013 and may not be used to file an amended tax return for any taxable year beginning before January 1, 2013.

**(j) Limitations.** The credit will not reduce the tax liability of the taxpayer to less than zero (0) and any credit allowed but not used may be carried over, in order, to each of the three (3) subsequent taxable years. The credit is not transferable.

**OKLAHOMA TAX COMMISSION**  
**Rule Impact Statement**  
**CHAPTER 50 Income**

**RULE IMPACT STATEMENT:** This statement is provided in conjunction with the following rulemaking action(s):

**710:50-7-2. Application of payments [REVOKED]**

- (a.) **Purpose of the Proposed Rule:** The purpose of the rulemaking action is to revoke the rule which provides for the application of income tax payments because Section 710:1-3-46 already provides guidance for the application of partial payments for all tax types.
- (b.) **Classes Affected:** All taxpayers.
- (c.) **Persons Benefited:** All taxpayers.
- (d.) **Probable Economic Impact:**
1. **On Affected Classes:** No economic impact based on this rule change is anticipated
  2. **On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
  3. **Fees:** The rulemaking action does not levy, implement, or increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
- (h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.
- (i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.
- (j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.
- (k.) **Date:** December 17, 2014                      **Date Modified:**                      N/A
- (l.) **Prepared By:** Lisa Haws                      **Phone Number:**                      522-3133

**OKLAHOMA TAX COMMISSION**  
**Rule Impact Statement**  
**CHAPTER 50 Income**

**RULE IMPACT STATEMENT:** This statement is provided in conjunction with the following rulemaking action(s):

**710:50-13-2. Payment of estimated tax [REVOKED]**

**710:50-13-6. Payment of estimated tax [AMENDED]**

- (a.) **Purpose of the Proposed Rule:** The purpose of the rulemaking action is to improve readability, remove obsolete language and to reflect a change in policy - a taxpayer is no longer required to include their social security number on their payment instrument.
- (b.) **Classes Affected:** Remitters of estimated tax.
- (c.) **Persons Benefited:** Remitters of estimated tax.
- (d.) **Probable Economic Impact:**
- 1. On Affected Classes:** No economic impact based on this rule change is anticipated
  - 2. On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
  - 3. Fees:** The rulemaking action does not levy, implement, or increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
- (h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.
- (i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.
- (j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.
- (k.) **Date:** December 17, 2014                      **Date Modified:**                      N/A
- (l.) **Prepared By:** Lisa Haws                      **Phone Number:**                      522-3133

**OKLAHOMA TAX COMMISSION**  
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**CHAPTER 50 Income**

**RULE IMPACT STATEMENT:** This statement is provided in conjunction with the following rulemaking action(s):

**710:50-15-85. Credit for investment in Oklahoma producer-owned agricultural processing cooperative, venture, or marketing association [REVOKED]**

- (a.) **Purpose of the Proposed Rule:** The purpose of the rulemaking action is to reflect the provisions of Section 1 of House Bill 1680 [2005] which sunsetted the income tax credit for Oklahoma agricultural producers on December 31, 2009.
- (b.) **Classes Affected:** Oklahoma agricultural producers
- (c.) **Persons Benefited:** Oklahoma agricultural producers
- (d.) **Probable Economic Impact:**
1. **On Affected Classes:** No economic impact based on this rule change is anticipated
  2. **On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
  3. **Fees:** The rulemaking action does not levy, implement, or increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
- (h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.
- (i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment—either beneficial or otherwise.
- (j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.
- (k.) **Date:** December 17, 2014                      **Date Modified:**     N/A
- (l.) **Prepared By:** Lisa Haws                      **Phone Number:**     522-3133

**OKLAHOMA TAX COMMISSION**  
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**RULE IMPACT STATEMENT:** This statement is provided in conjunction with the following rulemaking action(s):

**710:50-15-86. Small Business Capital Company / Oklahoma Small Business Venture credits**

**[REVOKED]**

**710:50-15-86.1. Letter rulings pursuant to the Small Business Capital Formation Incentive Act**

**[REVOKED]**

**710:50-15-87. Oklahoma Rural Small Business Capital Company / Rural Small Business Venture credits**

**[REVOKED]**

**710:50-15-87.1. Letter rulings pursuant to the Rural Venture Capital Formation Incentive Act**

**[REVOKED]**

- (a.) **Purpose of the Proposed Rule:** The purpose of the rulemaking action is to reflect the provisions of House Bill 2124 [2004] which sunsetted the Oklahoma Small Business Venture credits and the Oklahoma Rural Small Business Venture credits on December 31, 2011.
- (b.) **Classes Affected:** Investors in Oklahoma Small Business Ventures and Oklahoma Rural Small Business Ventures.
- (c.) **Persons Benefited:** Investors in Oklahoma Small Business Ventures and Oklahoma Rural Small Business Ventures.
- (d.) **Probable Economic Impact:**
1. **On Affected Classes:** No economic impact based on this rule change is anticipated
  2. **On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
  3. **Fees:** The rulemaking action does not levy, implement, or increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
- (h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.
- (i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.
- (j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.

(k.) Date: December 17, 2014

Date Modified: N/A

(l.) Prepared By: Lisa Haws

Phone Number: 522-3133

**OKLAHOMA TAX COMMISSION**  
**Rule Impact Statement**  
**CHAPTER 50 Income**

**RULE IMPACT STATEMENT:** This statement is provided in conjunction with the following rulemaking action(s):

**710:50-15-93. Credit for qualified Oklahoma space transportation vehicle providers [REVOKED]**

- (a.) **Purpose of the Proposed Rule:** The purpose of the rulemaking action is to reflect the provisions of House Bill 2308 [2013] which repealed the tax credit for the development of commercial space industries.
- (b.) **Classes Affected:** Investors in qualifying Space Transportation Vehicle Providers.
- (c.) **Persons Benefited:** Investors in qualifying Space Transportation Vehicle Providers.
- (d.) **Probable Economic Impact:**
1. **On Affected Classes:** No economic impact based on this rule change is anticipated
  2. **On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
  3. **Fees:** The rulemaking action does not levy, implement, or increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
- (h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.
- (i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.
- (j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.
- (k.) **Date:** December 17, 2014                      **Date Modified:**     N/A
- (l.) **Prepared By:** Lisa Haws                      **Phone Number:**     522-3133





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**RULE IMPACT STATEMENT:** This statement is provided in conjunction with the following rulemaking action(s):

**710:50-15-109. Credit for qualified employers and employees of the aerospace sector [AMENDED]**

- (a.) **Purpose of the Proposed Rule:** The purpose of the rulemaking action is to implement the provisions of House Bill 2509 which extended the sunset date and amended the definition of "qualified employee" for the aerospace tax credits.
- (b.) **Classes Affected:** Taxpayers eligible for the aerospace tax credits.
- (c.) **Persons Benefited:** Taxpayers eligible for the aerospace tax credits.
- (d.) **Probable Economic Impact:**
1. **On Affected Classes:** No economic impact based on this rule change is anticipated
  2. **On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
  3. **Fees:** The rulemaking action does not levy, implement, or increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
- (h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.
- (i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.
- (j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.
- (k.) **Date:** December 17, 2014                      **Date Modified:**     N/A
- (l.) **Prepared By:** Lisa Haws                      **Phone Number:**     522-3133

**OKLAHOMA TAX COMMISSION**  
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**RULE IMPACT STATEMENT:** This statement is provided in conjunction with the following rulemaking action(s):

**710:50-15-111. Wire transfer fee credit [AMENDED]**

- (a.) **Purpose of the Proposed Rule:** The purpose of the rulemaking action is to implement the provisions of Senate Bill 1170 which added a sunset date to the wire transmitter fee income tax credit.
- (b.) **Classes Affected:** Taxpayers eligible for the wire transmitter fee income tax credit.
- (c.) **Persons Benefited:** Taxpayers eligible for the wire transmitter fee income tax credit.
- (d.) **Probable Economic Impact:**
1. **On Affected Classes:** No economic impact based on this rule change is anticipated
  2. **On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
  3. **Fees:** The rulemaking action does not levy, implement, or increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
- (h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.
- (i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.
- (j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.
- (k.) **Date:** December 17, 2014                      **Date Modified:**     N/A
- (l.) **Prepared By:** Lisa Haws                      **Phone Number:**     522-3133

**OKLAHOMA TAX COMMISSION**  
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**RULE IMPACT STATEMENT:** This statement is provided in conjunction with the following rulemaking action(s):

**710:50-15-114. Credit for contributions to a scholarship-granting organization [AMENDED]**

**710:50-15-115. Credit for contributions to an educational improvement grant organization [AMENDED]**

- (a.) **Purpose of the Proposed Rule:** The purpose of the rulemaking action is to implement the provisions of House Bill 2643 which amended the credits for Contributions to Scholarship-Granting Organizations and Educational Improvement Grant Organizations, and to reflect a change in policy - donors are no longer required to provide their social security number when making a donation.
- (b.) **Classes Affected:** Donors to Scholarship-Granting Organizations and Educational Improvement Grant Organizations.
- (c.) **Persons Benefited:** Donors to Scholarship-Granting Organizations and Educational Improvement Grant Organizations.
- (d.) **Probable Economic Impact:**
- 1. On Affected Classes:** No economic impact based on this rule change is anticipated
  - 2. On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
  - 3. Fees:** The rulemaking action does not levy, implement, or increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
- (h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.
- (i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.
- (j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.
- (k.) **Date:** December 17, 2014                      **Date Modified:**     N/A
- (l.) **Prepared By:** Lisa Haws                      **Phone Number:**     522-3133