

## STATE OF OKLAHOMA

# Income Tax Credit for Purchase of Electric Vehicle

**Short Description:** Non-refundable income tax credit of 50% of the cost to purchase an electric vehicle.

**Beneficiary:** Purchaser of a qualified electric vehicle

**Type of Incentive:** Non-refundable income tax credit

**Effective Dates:** Current benefit, expires December 31, 2014

**Value of Benefit:** The amount of the credit 50% of the cost of the electric vehicle. The credit amount is claimed on Form 567-B, "Credit for Investment in Qualified Electric Motor Vehicle Property." The credit amount rolls forward to Form 511CR, Line 3B, and finally to Form 511, Line 17.

### **Full Description:**

For tax years beginning before January 1, 2015, there are allowed a one-time credit against the income tax liability for investments in qualified electric motor vehicle property placed in service after December 31, 1995 (68-2357(A)).

\*Qualified electric motor vehicle property includes:

A motor vehicle originally equipped to be propelled only by electricity. If a motor vehicle is also equipped with an internal combustion engine, then such vehicle will be considered "qualified electric motor vehicle property" only to the extent of the portion of the basis of such motor vehicle which is attributable to the propulsion of the vehicle by electricity. The term "qualified electric motor vehicle property" does not apply to golf carts, go-carts, and other motor vehicles which are manufactured principally for use off the streets and highways (68-2357(C)).

\*The amount of the credit allowed is as follows:

Fifty percent of the cost of the qualified electric motor vehicle property (68-2357(E)(1)). For qualified electric vehicles propelled by electricity only, the percentage is multiplied by the full-purchase price of the vehicle.

In cases where no credit has been claimed by any prior owner, and the taxpayer is unable or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit of the lesser of ten percent of the cost of the motor vehicle or \$1,500 (68-2357(F)).

Any credit not offset by sufficient tax liability in the current tax year can be carried forward to the next five taxable years to offset any tax liability (68-2357(G)).

### **State Statutory references:**

- Oklahoma Statute 68-2357.22 (reproduced below)
  - <http://www.lsb.state.ok.us/>
- Oklahoma Income Tax Form 511 CR (reproduced below)
  - <http://www.tax.ok.gov/it2007/511CR-07-W.pdf>

### **Link(s):**

- <http://www.afdc.energy.gov/afdc/laws/law/OK/5950> (AFDC website)



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Chapter 1 TAX CODES

Article 23 Income Tax

Okla. Stat. § 2357.22 [Eff. 1-1-2010.] Credit for investments in qualified clean-burning motor fuel vehicle property or qualified electric motor vehicle property.

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## **§ 2357.22 -- [Eff. 1-1-2010.] Credit for investments in qualified clean-burning motor fuel vehicle property or qualified electric motor vehicle property.**

**CAUTION:** Section 2357.22 below is eff. 1-1-2010. See also next version.

- A.** For tax years beginning before January 1, 2015, there shall be allowed a one-time credit against the income tax imposed by Section 2355 of this title for investments in qualified clean-burning motor vehicle fuel property placed in service after December 31, 1990, and for investments in qualified electric motor vehicle property placed in service after December 31, 1995.
- B.** As used in this section, "qualified clean-burning motor vehicle fuel property" means:
- 1.** Equipment installed to modify a motor vehicle which is propelled by gasoline or diesel fuel so that the vehicle may be propelled by a hydrogen fuel cell, compressed natural gas, liquefied natural gas or liquefied petroleum gas. The equipment covered by this paragraph must be new and must not have been previously used to modify or retrofit any vehicle propelled by gasoline or diesel fuel;
  - 2.** A motor vehicle originally equipped so that the vehicle may be propelled by a hydrogen fuel cell, compressed natural gas, liquefied natural gas or liquefied petroleum gas but only to the extent of the portion of the basis of such motor vehicle which is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel;
  - 3.** Property, not including a building and its structural components, which is By:
    - a.** directly related to the delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas, or hydrogen, for commercial purposes or for a fee or charge, into the fuel tank of a motor vehicle propelled by such fuel including compression equipment and storage tanks for such fuel at the point where such fuel is so delivered but only if such property is not used to deliver such fuel into any other type of storage tank or receptacle and such fuel is not used for any purpose other than to propel a motor vehicle, or
    - b.** a metered-for-fee, public access recharging system for motor vehicles propelled in whole or in part by electricity. The property covered by this paragraph must be new, and must not have been previously installed or used to refuel vehicles powered by compressed natural gas, liquefied natural gas or liquefied petroleum gas, hydrogen or electricity; or
  - 4.** Property which is directly related to the compression and delivery of natural gas from a private home or residence, for noncommercial purposes, into the fuel tank of a motor vehicle propelled by compressed natural gas. The property covered by this paragraph must be new and must not have been previously installed or used to refuel vehicles powered by natural gas.

**C.** As used in this section, "qualified electric motor vehicle property" means a motor vehicle originally equipped to be propelled only by electricity; provided, if a motor vehicle is also equipped with an internal combustion engine, then such vehicle shall be considered "qualified electric motor vehicle property" only to the extent of the portion of the basis of such motor vehicle which is attributable to the propulsion of the vehicle by electricity. The term "qualified electric motor vehicle property" shall not apply to vehicles known as "golf carts," "go-carts" and other motor vehicles which are manufactured principally for use off the streets and highways.

**D.** As used in this section, "motor vehicle" means a motor vehicle originally designed by the manufacturer to operate lawfully and principally on streets and highways.

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

- 1.** For the qualified clean-burning motor vehicle fuel property defined in paragraph 1 or 2 of subsection B of this section and for the qualified electric motor vehicle property, fifty percent (50%) of the cost of the qualified clean-burning motor vehicle fuel property or qualified electric motor vehicle property;
- 2.** For qualified clean-burning motor vehicle fuel property defined in paragraph 3 of subsection B of this section, a per-location credit of seventy-five percent (75%) of the cost of the qualified clean-burning motor vehicle fuel property; and
- 3.** For qualified clean-burning motor vehicle fuel property defined in paragraph 4 of subsection B of this section, a per-location credit of the lesser of fifty percent (50%) of the cost of the qualified clean-burning motor vehicle fuel property or Two Thousand Five Hundred Dollars (\$2,500.00).

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

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

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

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

(§ 2357.22 enacted by L. 1990, c. 336, § 12; amended by L. 1991, c. 235, § 20; L. 1992, c. 306, § 1; L. 1993, c. 271, § 1; L. 1994, c. 2, § 25; L. 1994, c. 379, § ; 1; L. 1996, c. 224, § 1; L. 2001, c. 144, § 2; L. 2003, c. 186, § 1; L. 2008, c. 126, § 1 ; L. 2009, c. 308, § 1 .)

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**State of Oklahoma**  
**CREDIT FOR INVESTMENT IN QUALIFIED**  
**ELECTRIC MOTOR VEHICLE PROPERTY**

TITLE 68 O.S. SECTION 2357.22 AND RULE 710:50-15-81



FORM **567-B** 2009

Name as Shown on Return	Social Security Number or Federal Identification Number
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**Indicate the type of qualified electric motor vehicle for which you are claiming a credit.**

Electric vehicle with an internal combustion engine

Fully electric vehicle (does not have an internal combustion engine)

If the credit is being claimed on more than one vehicle, indicate the number of vehicles here:

Provide the information below for each vehicle (attach a separate schedule if necessary).

Make: \_\_\_\_\_ Model: \_\_\_\_\_

Vehicle Identification Number (VIN): \_\_\_\_\_

Tag Number: \_\_\_\_\_ Date the vehicle was placed in service: \_\_\_\_\_

**CREDIT FOR INVESTMENT IN QUALIFIED ELECTRIC MOTOR VEHICLE PROPERTY**

A credit is allowed for investments in qualified electric motor vehicle property. For purposes of this credit "qualified electric motor vehicle property" means: a motor vehicle originally equipped to be propelled only by electricity to the extent of the full purchase price of the vehicle; provided, if a motor vehicle is also equipped with an internal combustion engine, then such vehicle shall be considered "qualified electric motor vehicle property" only to the extent of the portion of the basis of such motor vehicle which is attributable to the propulsion of the vehicle by electricity. The term "qualified electric motor vehicle property" shall not apply to vehicles known as "golf carts," "go-carts" and other motor vehicles which are manufactured principally for use off the streets and highways.

Complete **Section A** to compute the credit based on the cost of the qualified electric motor vehicle property. **If your vehicle is not tagged in Oklahoma, provide a copy of the invoice or other documentation showing the purchase price of the vehicle. If your vehicle is also equipped with an internal combustion engine, provide detail for how the portion of the basis on which the credit is based was determined.**

**OR**

Complete **Section B** if the vehicle is purchased with qualified electric motor vehicle property installed by the manufacturer of such motor vehicle and you are unable or elect not to determine the exact basis which is attributable to such property. **If your vehicle is not tagged in Oklahoma, provide a copy of the invoice or other documentation showing the purchase price of the vehicle.**

**SECTION A**

1. Enter the cost of the qualified electric motor vehicle property .....	\$	
2. Rate .....	50%	50%
3. <b>Total</b> - Multiply line 1 by line 2 (Enter here and on Form 511CR, line 3b) .....	\$	

Any credit allowed but not used will have a three-year carryover provision.

**OR**

**SECTION B**

1. Enter the cost of the motor vehicle .....	\$	
2. Rate .....	10%	10%
3. Multiply line 1 by line 2 .....	\$	
4. Limitation.....	\$	1,500
5. <b>Total</b> - Enter the lesser of line 3 or line 4 (Enter here and on Form 511CR, line 3b) .....	\$	

Any credit allowed but not used will have a three-year carryover provision.

**General Information**

Property on which the credit has previously been claimed is ineligible for the credit.

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

# OTHER CREDITS FORM



FORM **511CR** 2009

Enclose this form and supporting documents with your Oklahoma tax return.

Name as shown on return:

Social Security Number:

Federal Identification Number:

**Attention members of pass-through entities:** Enter your share of the pass-through entities' credit on the appropriate line for the type of credit. For example: Your share of the pass-through entities' Coal Credit would be entered on line 2.

See instructions for details on qualifications and required enclosures.

<b>1</b>	Oklahoma Investment/New Jobs Credit ( <b>enclose Form 506</b> ) .....	1		<b>00</b>
<b>2</b>	Coal Credit.....	2		<b>00</b>
<b>3</b>	Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property ( <b>enclose Form 567-A</b> ) OR.....	3a		<b>00</b>
	Credit for Investment in Qualified Electric Motor Vehicle Property ( <b>enclose Form 567-B</b> ) .....	3b		<b>00</b>
<b>4</b>	Small Business Capital Credit ( <b>enclose Form 527-A</b> ).....	4		<b>00</b>
<b>5</b>	Oklahoma Agricultural Producers Credit ( <b>enclose Form 520</b> ).....	5		<b>00</b>
<b>6</b>	Small Business Guaranty Fee Credit ( <b>enclose Form 529</b> ).....	6		<b>00</b>
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<b>41</b>	Total (add lines 1 through 40) .....	41		<b>00</b>

Enter on the applicable line of income tax return and enter the number in the box for the type of credit. If more than one credit is claimed, enter "99" in the box.

## OTHER CREDITS INFORMATION

### **1** Oklahoma Investment/New Jobs Credit

Manufacturers, who hold a manufacturer's exemption permit, may qualify for the Oklahoma Investment/New Jobs Credit based on either an investment in depreciable property of at least \$50,000 or on the addition of full-time equivalent employees engaged in manufacturing, processing or aircraft maintenance. A web search portal establishment may also qualify for the credit based on an investment in depreciable property of at least \$50,000. The credit, once established, is also allowed in each of the four subsequent years if the level of new employees is maintained or the qualified property is not sold, disposed of or transferred. Any credit allowed but not used may be carried over in order to each of the four years following the year of qualification and to the extent not used in those years in order to each of the 15 years following the initial five year period. To the extent not used, any credit from qualified depreciable property placed in service on or after January 1, 2000, may be utilized in subsequent tax years after the initial twenty-year period. Enclose Form 506. Title 68 O.S. Section 2357.4 and Rule 710:50-15-74.

## OTHER CREDITS INFORMATION

**2 Coal Credit**

Section 2357.11 (B) provides for a coal credit, for the purchase of Oklahoma-mined coal, to businesses providing water, heat, light or power from coal to the citizens of Oklahoma or to those which burn coal to generate heat, light or power for use in manufacturing operations in Oklahoma. An additional credit is allowed for Oklahoma-mined coal purchased.

Section 2357.11 (D) provides for a coal credit to businesses primarily engaged in mining, producing or extracting coal in this state. A valid permit issued by the Oklahoma Department of Mines must be held. The credit provided for in this paragraph will be allowed for coal mined, produced or extracted in any month in which the average price of coal is \$68 or more per ton, excluding freight charges.

Any credit allowed but not used will have a five year carryover provision following the year of qualification. The credit is freely transferable to any taxpayer at any time during the five years following the year of qualification upon the filing of the transfer agreement, Form 572, along with a Tax Commission acknowledgment of credits earned. The transferee shall enclose these same forms with the Form 511CR. Note: This credit, upon the election of the taxpayer, may be claimed as a payment or prepayment of tax or as an estimated tax payment. If this election is made, the credit should be claimed on this line of Form 511CR. Title 68 O.S. Section 2357.11 and Rule 710:50-15-76.

**3 Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property or Investment in Qualified Electric Motor Vehicle Property**

A credit is allowed for the conversion of a motor vehicle to a qualified clean-burning motor fuel; the purchase of a motor vehicle which was originally equipped to be propelled by a clean-burning fuel or by electricity; or for the cost of property directly related to the delivery of a qualified clean-burning fuel into the fuel tank of a motor vehicle. For purposes of this credit a clean-burning motor fuel means methanol, M-85, compressed natural gas, liquefied natural gas or liquefied petroleum gas or a combination of at least 50% natural gas. The unused credit may be carried over for a period not to exceed 3 years. Enclose Form 567A or 567B. Title 68 O.S. Section 2357.22 and Rule 710:50-15-81.

**4 Small Business Capital Credit**

There shall be allowed a credit equal to 20% of the cash invested in, or in conjunction with, a qualified Small Business Capital Company. Any credit allowed but not used will have a three year carryover provision. Enclose Form 527-A. Title 68 O.S. Section 2357.60 - 2357.65 and Rule 710:50-15-86.

**5 Oklahoma Agricultural Producers Credit**

Oklahoma agricultural producers who invest in Oklahoma producer-owned agricultural processing cooperatives, ventures or marketing associations are entitled to the Oklahoma agricultural credit. Any credit allowed but not used will have a six year carryover provision. Enclose Form 520. Title 68 O.S. Section 2357.25 and Rule 710:50-15-85.

**6 Small Business Guaranty Fee Credit**

Every small business operating within this state shall be entitled to claim as a credit any amount paid to the U.S. Small Business Administration (SBA) as a guaranty fee pursuant to the obtaining of financing guaranteed by the Small Business Administration. Any credit allowed but not used will have a five year carryover provision. Enclose Form 529. Title 68 O.S. Section 2357.30.

Any financial institutions, subject to the "in lieu" tax, shall be entitled to claim as a credit the amount of the guaranty fees the financial institution pays to the SBA under certain SBA loan programs. Enclose Form 529. Title 68 O.S. Section 2370.1.

**7 Credit for Food Service Establishments that Pay for Hepatitis A Vaccination for their Employees**

This credit is for food service establishments, licensed pursuant to the provisions of Title 63 O.S. Section 1-1118, that pay for Hepatitis A vaccinations for their employees who work in such establishments. The credit is the cost of the vaccinations, but cannot exceed the usual and customary fee that would be allowed by the State and Education Employees Group Insurance Board. The credit is available in the tax year in which the employee was immunized and shall not be refunded or carried forward to subsequent years. Enclose a schedule showing the names and social security number of each employee immunized and the cost of the immunization. Title 68 O.S. Section 2357.33.

**8 Credit for Energy Assistance Fund Contribution**

Any person contributing monies to the Oklahoma Energy Conservation Assistance Fund is entitled to a nonrefundable income tax credit of 50% of the amount contributed. This credit may not be carried forward or back. A copy of your cancelled check or receipt must be enclosed with your return. Title 68 O.S. Section 2357.6.

## OTHER CREDITS INFORMATION

**9 Credit for Venture Capital Investment**

A credit for venture capital investment that was established in a prior year but not used due to the limitations provided may be carried over or transferred. Any credit allowed but not used will have a three year carryover provision. Enclose the applicable Form 518-A or 518-B. Title 68 O.S. Section 2357.7 and 8 and Rule 710:50-15-77 and 78.

**10 Credit for Hazardous Waste Control**

Any person engaged in recycling, reuse or source reduction of any hazardous waste, the process of which is certified by the Oklahoma Department of Environmental Quality (DEQ), shall be entitled to a one-time credit limited to 20% of amount certified or actual cost, whichever is less. A verification certificate from DEQ must be enclosed. Title 27A O.S. Section 2-11-303 and Rule 710:50-15-75.

**11 Credit for Qualified Recycling Facility**

A credit for an investment in a qualified recycling facility that was established in a prior year but not used due to the limitations provided may be carried over. The unused credit may be carried over for a period not to exceed 14 years. Title 68 O.S. 2357.59 and Rule 710:50-15-84.

**12 Credit for Employers Providing Child Care Programs**

Employers providing Oklahoma child care services for the children of their employees will be allowed a credit. The credit will be 20% of the amount of eligible expenses and the eligible expenses must be added back to arrive at Oklahoma taxable income. Any credit allowed but not used will have a four year carryover provision. Enclose a schedule of eligible expenses and the computation of the credit. Title 68 O.S. Section 2357.26 and Rule 710:50-15-91.

**13 Credit for Entities in the Business of Providing Child Care Services**

Entities primarily engaged in the business of providing child care services will be allowed a 20% credit for eligible expenses. Eligible expenses are amounts incurred to comply with the standards promulgated by a national accrediting association recognized by the Department of Human Services and which would not have been incurred to comply with the Oklahoma Child Care Facilities Licensing Act. The credit will not be allowed for any amounts for which the entity claims or receives an income tax credit, exemption or deduction. Any credit allowed but not used will have a four year carryover provision. Title 68 O.S. Section 2357.27.

**14 Credit for Commercial Space Industries**

There shall be allowed a credit for investments in qualifying projects, the purpose of which is to encourage the development of commercial space industries in this state. The credit shall be 5% of the eligible capital costs generated by a qualifying project. In order to qualify for the credit an application shall first be made to the Oklahoma Tax Commission. Any credit allowed but not used will have a four year carryover provision following the year of qualification subject to limitations. Title 68 O.S. Section 2357.13.

**15 Credit for Nonstop Air Service from Oklahoma to the Coast**

A credit for nonstop air service from Oklahoma to the coast that was established in a prior year but not used due to the limitations provided may be carried over or transferred. The unused credit may be carried over or transferred for a period not to exceed three years from the date the credit was originally allowed. Title 68 O.S. Section 2357.28.

**16 Credit for Tourism Development or Qualified Media Production Facility**

Enclose the income tax credit memorandum granting the credit which was issued by the Tax Commission. Any credit allowed but not used will have a 10 year carryover provision. Title 68 O.S. Section 2357.34-2357.40.

**17 Oklahoma Local Development and Enterprise Zone Incentive Leverage Act Credit**

There shall be allowed a credit in conjunction with the "Oklahoma Local Development and Enterprise Zone Incentive Leverage Act" created under Title 62 O.S. Sections 840-847. The credit will equal 100% of the amount of ad valorem taxes exempted pursuant to the provisions of such act. Any credit allowed but not used will have a 10 year carryover provision. Title 68 O.S. Section 2357.81.

**18 Credit for Qualified Rehabilitation Expenditures**

Provides for a credit for qualified rehabilitation expenditures incurred with any certified historic structure as defined in Section 2357.41. The credit is to be equal to the amount of the Federal rehabilitation investment credit allowed under the Internal Revenue Code, Section 47. Any credit allowed but not used will have a 10 year carryover provision following the qualified expenditures. The credit may be freely transferred, at any time during the five years following the year of qualification, to any taxpayer upon the filing of the transfer agreement, Form 572. If this credit which has been transferred is subsequently reduced as the result of an adjustment by the Internal Revenue Service, Tax Commission, or any other applicable government agency, only the transferor originally allowed the credit and not any subsequent transferee of the credit, will be held liable to repay any amount of disallowed credit. Title 68 O.S. Section 2357.41 and Rule 710:50-15-108.

## OTHER CREDITS INFORMATION

**19 Credit for Space Transportation Vehicle Provider**

A credit for space transportation vehicle provider that was established in a prior year but not used due to the limitations provided may be carried over or transferred. Any credit allowed but not used will have a carryover provision for a period not to exceed three years from the year in which such credit was originally allowed. The credit may be freely transferred, at any time during the five years following the year of qualification, to any taxpayer upon the filing of the transfer agreement, Form 572. Title 68 O.S. Section 2357.42 and Rule 710:50-15-93.

**20 Rural Small Business Capital Credit**

Provides for income tax credits for investments in Rural Small Business Capital Companies which in turn invest in rural business ventures; and also for investments made in conjunction with investments made by Rural Small Business Capital Companies. Any credit allowed but not used will have a three year carryover provision. Enclose Form 526-A. Title 68 O.S. Section 2357.71-2357.76 and Rule 710:50-15-87.

**21 Credit for Electricity Generated by Zero-Emission Facilities**

A credit shall be allowed for the production and sale, to an unrelated person, of electricity generated by zero-emission facilities located in this state. For facilities placed in operation before January 1, 2007, the credit for electricity generated is \$0.0025 per kilowatt-hour. For facilities placed in operation on or after January 1, 2007, the credit for the electricity generated is \$0.0050 per kilowatt-hour. Any credit allowed but not used will have a 10 year carryover provision. The credit may be freely transferable, at any time during the 10 years following the year of qualification, to any taxpayer upon filing of the transfer agreement, Form 572. Enclose a schedule showing the number of kilowatt-hours of electricity generated during each month of the taxable year and the calculation of the credit. Note: This credit, upon election of the taxpayer, may be claimed as a payment or prepayment of tax or as an estimated tax payment on or after July 1 of the calendar year following the year of qualification. If this election is made, the credit should be claimed on this line of Form 511CR. Title 68 O.S. Section 2357.32A.

**22 Credit for Financial Institutions Making Loans Under the Rural Economic Development Loan Act**

Oklahoma financial institutions shall be allowed a credit against the bank in lieu tax in an amount equal to the taxable income received pursuant to a loan made under the "Rural Economic Development Loan Act" Title 62 O.S. Sections 90.1 through 90.9. The credit is limited each year to 5% of the amount of annual payroll directly attributable to new jobs that are created as a result of the loan made under the act. The Rural Economic Development Loan Program Review Board certifies payroll eligible for the credit. The credit may be claimed for any number of years necessary until the total amount of credits claimed is equal to the total amount of taxable income received. Any credit allowed but not used will have a five year carryover provision. Title 68 O.S. Section 2370.

**23 Credit for Manufacturers of Small Wind Turbines**

A credit shall be allowed for Oklahoma manufacturers of advanced small wind turbine products, including rotor blade and alternator fabrication. The credit is \$25 per square foot of rotor swept area of advanced small wind turbines manufactured in this state. Any credit allowed but not used will have a 10 year carryover provision. The credit may be freely transferable, at any time during the 10 years following the year of qualification, to any taxpayer upon the filing of the transfer agreement, Form 572. Enclose a schedule showing the square footage of rotor swept area produced each month of the taxable year and the calculation of the credit. Note: This credit, upon election of the taxpayer, may be claimed as a payment or prepayment of tax or as an estimated tax payment on or after July 1 of the calendar year following the year of qualification. If this election is made, the credit should be claimed on this line of Form 511CR. Title 68 O.S. Section 2357.32B and Rule 710:50-15-92.

**24 Credit for Qualified Ethanol Facilities**

Establishes an income tax credit for new qualified ethanol facilities in this state, the construction of which must be completed after July 1, 2003. The facility must be in production at a rate of at least 25% of its capacity by December 31, 2010. The credit is 20-cents per-gallon of ethanol produced and is allowed for up to 60 months.

An additional credit of 20-cents per-gallon of ethanol produced in excess of its original capacity as a result of an expansion completed after July 1, 2003 but before December 31, 2008 will be allowed. The credit will be allowed for up to 60 months beginning with the first month for which production from the expanded facility is eligible to receive such tax credit and ending not later than December 31, 2012. Title 68 O.S. Section 2357.66 and Rule 710:50-15-106.

## OTHER CREDITS INFORMATION

**25 Poultry Litter Credit**

A credit of \$5 per ton shall be allowed for the purchase and transportation of poultry litter. To qualify for the credit the poultry litter must be purchased from an Oklahoma-based poultry operation registered with the State Board of Agriculture and located within an environmentally sensitive and nutrient-limited watershed area; used or spread in a watershed that is not environmentally sensitive and nutrient-limited and applied by a certified poultry waste applicator. Any credit allowed but not used will have a five year carryover provision. Enclose a copy of the current license of the Certified Poultry Waste Applicator and a copy of the Waste Applier Annual Report for the period affected. Title 68 O.S. Section 2357.100 and Rule 710:50-15-95.

**26 Volunteer Firefighter Credit**

For taxpayers who qualify for the \$200 Oklahoma Volunteer Firefighter Tax Credit, the completed and signed Council on Firefighter Training's (COFT) form, Form 1A, must be enclosed as supporting documentation. For taxpayers who qualify for the \$400 Oklahoma Volunteer Firefighter Tax Credit, the completed and signed Council on Firefighter Training's (COFT) form, Form 1B or 1C, must be enclosed as supporting documentation. The form must have all of the necessary signatures. For further explanations, questions or to obtain a form contact the Council on Firefighter Training (COFT) at (405) 601-8862 or visit their website at: [www.coft-oklahoma.org](http://www.coft-oklahoma.org). Title 68 O.S. Section 2358.7 and Rule 710:50-15-94.

**27 Credit for Qualified Biodiesel Facilities**

Establishes an income tax credit for new qualified biodiesel facilities in Oklahoma, the construction of which must be completed after July 1, 2005. The facility must be in production at a rate of at least 25% of its capacity by December 31, 2008. The credit is 20-cents per-gallon of biodiesel produced and is allowed for 60 months.

An additional credit of 20-cents per-gallon of biodiesel produced in excess of its original capacity as a result of an expansion completed after July 1, 2005 but before December 31, 2008 will be allowed. The credit will be allowed for 60 months beginning with the first month for which production from the expanded facility is eligible to receive such tax credit and ending not later than December 31, 2012.

Any credit allowed but not used will have a five year carryover provision. Title 68 O.S. Section 2357.67 and Rule 710:50-15-98.

**28 Film or Music Project Credit**

Establishes an income tax credit equal to 25% of the amount of profit made from an investment with a production company to pay for production costs in an existing Oklahoma film or music project produced after July 1, 2005. In order to claim the credit, the taxpayer must reinvest the profit with the production company, to pay for the production cost of a new Oklahoma film or music project. Enclose Form 562. Title 68 O.S. Section 2357.101 and Rule 710:50-15-101.

**29 Credit for Breeders of Specially Trained Canines**

Establishes a credit equal to 50% of the qualified direct costs associated with the operation of a business which the principal purpose is the rearing of specially trained canines. "Specially trained canines" means dogs that are raised by a person who is officially licensed as a dog breeder by the U.S. Department of Agriculture (USDA). "Qualified direct costs" means expenditures, other than nonqualified operating expenditures, to construct dog kennels, fences, pens, training areas for canines, structures for office space or other improvements to real property necessary for the proper training of a specially trained canine, including the cost of food, water, veterinary expenses and other costs directly related to the operation of the training facility. "Nonqualified operating expenditures" means labor costs, salary and other compensation, whether direct or indirect, paid to directors, officers, limited liability company members, limited liability company managers, partners or other principals or employees of the business. Any credit allowed but not used will have a five year carryover provision. Enclose a copy of your certificate and acknowledgement letter issued by the USDA and a schedule of the qualified direct costs upon which the credit was based. Title 68 O.S. Section 2357.203 and Rule 710:50-15-97.

**30 Credit for Wages Paid to an Injured Employee**

Establishes a credit for eligible 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 credit is 10% of the amount of the gross wages paid to the employee 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, and ending after 90 days or when the employee has reached maximum medical improvement if earlier. In no event shall the credit exceed \$5,000 for each employee of each taxpayer and the total credit claimed shall not exceed \$25,000 in any one year for any taxpayer. Enclose a schedule showing the computation of the credit; include employee name, social security number, eligible wages paid, and the number of days for which the eligible wages were paid. Title 68 O.S. Section 2357.47 and Rule 710:50-15-107.

## OTHER CREDITS INFORMATION

**31 Credit for Modification Expenses Paid for an Injured Employee**

Establishes a credit for eligible modification expenses incurred by an employer to modify a workplace, tools or equipment or to obtain new tools or equipment and which are incurred by an employer solely to enable a specific employee who has incurred an injury that 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. The credit is 50% of the amount of funds expended for eligible modification expenses. In no event shall the credit exceed \$1,000 for eligible modification expenses incurred for any single employee and the total credit claimed shall not exceed \$10,000 in any year for any taxpayer. Enclose a schedule showing the computation of the credit; include employee name and social security number and the eligible modification expenses for such employee. Title 68 O.S. Section 2357.47 and Rule 710:50-15-107.

**32 Dry Fire Hydrant Credit**

Establishes a credit for the cost of the purchase of a dry fire hydrant or the cost to provide an acceptable means of water storage for such dry fire hydrant including a pond, tank, or other storage facility with the primary purpose of fire protection within Oklahoma. The credit is 50% of the purchase price of the dry fire hydrant or the actual expenditure for any new water storage construction, equipment, development and installation of the dry hydrant, including pipes, valves, hydrants, and labor for each installation of a dry hydrant or new water storage facility but in no event shall the amount of the credit exceed \$5,000 for each taxpayer. In order to qualify for the tax credit, the dry fire hydrant or new water storage facility must meet minimum requirements. Any credit allowed but not used will have a four year carryover provision. Enclose either an invoice for the purchase price or a schedule of actual expenditures upon which the credit was based. Title 68 O.S. Section 2357.102 and Rule 710:50-15-99.

**33 Credit for the Construction of Energy Efficient Homes**

Establishes a credit equal to the eligible expenses incurred by a contractor in the construction of energy efficient residential property of 2,000 square feet or less located in Oklahoma and which has been certified by a Residential Energy Services Network provider. "Eligible expenses" means any energy efficient heating or cooling system; insulation material or system designed to reduce the heat gain or loss; exterior windows, including skylights; exterior doors; and Energy Star program metal roof. In no event shall the credit exceed \$4,000 for residential property certified at 40% or more above the 2003 International Energy Conservation Code (IECC), including any supplement, or exceed \$2,000 for residential property certified at between 20% and 39% of the 2003 IECC, including any supplement. The contractor shall not be allowed a credit for residential property certified at less than 20% of the 2003 IECC, including supplements. Any credit allowed but not used will have a four year carryover provision. The credit may be freely transferable to any taxpayer upon the filing of the transfer agreement, Form 572. For each home, enclose proof of the energy rating, such as a copy of the Energy Star Certification sticker or the Energy Star Certificate. You must be able to document the type and amount of expenses upon which the credit was based upon request. Title 68 O.S. Section 2357.46 and Rule 710:50-15-104.

**34 Credit for Railroad Modernization**

Establishes a credit equal to 50% of a Class II or Class III railroad's qualified railroad reconstruction or replacement expenditures. The amount of credit shall be limited to the product of \$2,000 and the number of miles of railroad track owned or leased within Oklahoma as of the close of the taxable year. An election may be made to increase the limit to an amount equal to three times the limit, provided only 1/3 of the credit is claimed in any one taxable period. A taxpayer who elected to increase the limitation on the credit shall not be granted additional credits during the period of such election. "Qualified railroad reconstruction or replacement expenditures" means expenditures for 1) reconstruction or replacement of railroad infrastructure including track, roadbed, bridges, industrial leads and track-related structures or 2) new construction of industrial leads, switches, spurs and sidings and extensions of existing sidings. Any credit allowed but not used will have a five year carryover provision. The credit is freely transferable to any taxpayer and at any time during the five years following the year of qualification upon the filing of the transfer agreement, Form 572. Enclose the "Affidavit" from the Department of Transportation. Title 68 O.S. Section 2357.104 and Rule 710:50-15-103.

**35 Research and Development New Jobs Credit**

Employers, primarily engaged in computer services, data processing or research and development, may qualify for the Research and Development New Jobs Credit. The credit is \$500 per employee and is computed on the average number of new qualified employees whose salaries or wages are at least \$35,000 and are subject to Oklahoma income tax withholding. The credit, once established, is also allowed in each of the eight subsequent years if the level of new employees is maintained. Any credit allowed but not used may be carried over in order to each of the four years following the year of qualification and to the extent not used on those years in order to each of the following five years. Enclose Form 563. Title 68 O.S. Section 54006 and Rule 710:50-15-105.

## OTHER CREDITS INFORMATION

**36** **Credit for Stafford Loan Origination Fee** *(available for banks and credit unions filing Form 512)*

Oklahoma banks and credit unions paying the origination fee to the U.S. Department of Education pursuant to the “Stafford” loan program for an Oklahoma resident will be allowed a credit against the bank in lieu tax. The credit is the amount of origination fee paid by such bank or credit union; however, no credit will be allowed if the bank or credit union, in any way, recovers the origination fee from the borrower. Any credit allowed but not used will have a five year carryover provision. Title 68 O.S. Section 2370.3.

**37** **Gas Used in Manufacturing Credit**

A credit is available at the rate of three mills per thousand cubic feet of gas used or consumed during each taxable year when used in manufacturing. This shall not apply to the first twenty-five thousand MCF used or consumed. Enclose a schedule showing the computation of the credit. If you are a member of a pass-through entity, the schedule should also contain the name and Federal identification number of the pass-through entity and the portion of the credit allocated to you. Title 68 O.S. Section 2357(C).

**38** **Credit for Biomedical Research Contribution**

A credit is allowed to any taxpayer who makes a donation to a qualified independent biomedical research institute. The credit is 50% of the amount donated, but may not exceed \$1,000 (\$2,000 for a married filing joint return). An “independent biomedical research institute” means an organization which is exempt from taxation under the Internal Revenue Code section 501(c)(3) whose primary focus is conducting peer-reviewed basic biomedical research. The organization shall have a board of directors, be able to accept grants in its own name, be an identifiable institute that has its own employees and administrative staff, and receive at least \$15 million in National Institute of Health funding each year. Any credit allowed but not used will have a four year carryover provision. A copy of the canceled check or receipt must be provided as proof of the donation. Title 68 O.S. Section 2357.45.

**39** **Credit for Employees in the Aerospace Sector**

Establishes a \$5,000 credit for a qualified employee who has a degree in engineering and who, on or after January 1, 2009, is employed by or contracting with a qualified employer whose principal business activity is in the aerospace sector. The credit is allowed each year for up to the first five years. To qualify for the credit the employee may not have been employed in the aerospace sector in Oklahoma immediately preceding employment or contracting with a qualified employer. Any credit allowed but not used will have a five year carryover provision. Enclose Form 564. Title 68 O.S. Sections 2357.301 & 2357.304 and Rule 710:50-15-109.

**40** **Credits for Employers in the Aerospace Sector**

Establishes credits for tuition reimbursement and for compensation paid to a qualified employee by a qualified employer. A qualified employee is a person employed by or contracting with a qualified employer on or after January 1, 2009, who has been awarded an undergraduate or graduate degree in engineering and who was not employed in the aerospace sector in Oklahoma immediately preceding current employment. The credit for tuition reimbursement is 50% of amount reimbursed, but may not exceed 50% of the average annual amount paid for enrollment and instruction in a qualified program at an Oklahoma public institution. The credit for compensation paid to a graduate of an Oklahoma institution is 10% of such compensation and if the employee graduated from an institution located outside Oklahoma the credit is 5%; this credit may not exceed \$12,500 annually for each qualified employee. Enclose Form 565. Title 68 O.S. Sections 2357.301, 2357.302 & 2357.303 and Rule 710:50-15-109.