

2020 Oklahoma Tax Legislation

By Sheppard F. Miers Jr.

THE FOLLOWING IS A summary of some changes in Oklahoma law on state taxation enacted by the Oklahoma Legislature in the 2020 session of the Legislature. Certain tax bills passed by the Legislature in the 2020 session that were vetoed by the governor are also summarized.

INCOME TAX

Credit for Cybersecurity Software / and Employees

The Oklahoma income tax credit for amounts spent by a taxpayer for cybersecurity and employees working in cybersecurity was amended. The amendments modified definitions and removed a provision for taxpayers, which allowed the credit to be eligible for participation in certain economic development programs.¹

Railroad Reconstruction Credit

The Oklahoma income tax railroad reconstruction credit was amended. The amendments of the credit changed the description and kinds of items to which the credit applies, the time period during which the credit may be allowed and the amount of the credit a taxpayer may claim and be allowed.²

Collection of Income Tax from State Employees

Oklahoma income tax collection procedures with respect to amounts of tax due from state

employees were amended to modify the penalty for nonpayment.³

Income Tax Withholding and Refunds

The provisions of the Oklahoma Income Tax Act related to withholding of Oklahoma income tax were amended with respect to the release of the full social security number of taxpayers opting to receive a refund through a card-based disbursement system to an entity contracted with by the Tax Commission to implement the system.⁴

AD VALOREM TAX

Exemption of Property Used for Religious Purposes

The *ad valorem* tax exemption for property used exclusively and directly for religious purposes was amended. The amendments provide for exemption of church property that is allowed to be used by an entity without rent or a lease if the entity conducts instruction to children for grades preschool to 12th grade, including religious instruction consistent with the doctrines of the church. The exemption is allowed if the entity reimburses the church for utilities, janitorial services and similar expenses.⁵

Collection of Delinquent Ad Valorem Tax

Procedures governing the collection of delinquent *ad valorem* tax were amended with respect to delinquent tax sales and resales in the event the governor declares a

Catastrophic Health Emergency pursuant to the Catastrophic Health Emergency Powers Act, including procedures for postponement of delinquent tax sales.⁶

TAX PROCEDURE, ADMINISTRATION AND STATUTES

Tax Commission Requirements to Provide Information to Legislators

The statutory provisions pursuant to which the Oklahoma Tax Commission upon request shall provide information to members or employees of the Legislature were amended. The written statements and estimates to be provided were amended to include a written statement outlining all analysis and methodology provided by or made available by the Tax Commission to the State Board of Equalization for purposes of influencing or serving as the basis for official action of the board. The requirements for timing for the Tax Commission to provide estimates and statements were modified.⁷

Legislation for Multiple Versions of Tax Statutes

An act was enacted relating to multiple versions of statutes and for amending, merging, consolidating and repealing multiple versions of certain statutes on state taxes.⁸



TAX BILLS PASSED BY THE LEGISLATURE AND VETOED BY THE GOVERNOR

The following bills on Oklahoma taxes were passed by the Legislature in the 2020 session and vetoed by the governor:

Ad Valorem Tax Five-Year Manufacturing Exemption

A bill was passed by the Legislature, amending the *ad valorem* tax five-year new manufacturing facility exemption. The bill amended the statute to provide relief from requirements to maintain payroll levels, and other exemption requirements, in the calendar year 2020. The bill also provided for repeal of the exemption to become effective Jan. 1, 2021. The bill was vetoed by the governor.⁹

Affordable Housing Tax Credits

A bill was passed by the Legislature amending the Oklahoma income tax credits allowed for qualified projects of

low-income buildings investments to reduce the total of credits allocated for all qualified projects for an allocation year from \$4,000,000 to \$2,000,000. The bill was vetoed by the governor.¹⁰

Sales Tax Exemption for University Hospital Trust

A bill was passed by the Legislature to add to listed public entities that are eligible for sales tax exemptions entities that have entered into a joint operating agreement with the University Hospitals Trust. The bill was vetoed by the governor.¹¹

ABOUT THE AUTHOR

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ENDNOTES

1. SB 1204, amending 68 O. S. Supp. 2019, §2357.405, effective July 1, 2020.

2. SB 1322, amending 68 O. S. Supp. 2019, §2357.104, effective Nov. 1, 2020.

3. HB 3068, amending 68 O.S. Supp. 2019, §238.2, effective Nov. 1, 2020.

4. SB 1149, amending 68 O.S. 2011 §2385.16, effective May 21, 2020.

5. HB 2504, amending 68 O.S. 2011, §2887, effective Jan. 1, 2021.

6. HB 2740, amending 68 O.S. 2011, §§3102, 3103, 3104, 3105 and 3148, and 68 O. S. Supp. 2019, §3106, effective May 18, 2020.

7. HB 4142, amending 68 O.S. Supp. 2019, §118, effective Aug. 19, 2020.

8. SB 1948, amending 68 O.S. 2011, Section 1004, as last amended by Section 2, Chapter 168, O.S.L. 2019 (68 O.S. Supp. 2019, Section 1004); repealing 68 O.S. 2011, Section 1004, as last amended by Section 1, Chapter 266, O.S.L. 2019 (68 O.S. Supp. 2019, Section 1004); repealing 68 O.S. 2011, Section 2357.32A, as last amended by Section 1, Chapter 287, O.S.L. 2019 (68 O.S. Supp. 2019, Section 2357.32A, effective May 21, 2020).

9. SB 1595, amending and repealing 68 O.S. Supp. 2019, §2902; amendment effective upon approval and repeal effective Jan. 1, 2021. Vetoed by the governor May 21, 2020. See, www.sos.ok.gov, Oklahoma Secretary of State, Executive Legislation, Receiving List of House and Senate Bills and Resolutions, 2020, 57th legis. 2R Senate Bill:1595.

10. 10 HB 2760, amending 68 O.S. Supp. 2019, §2357.403, to be effective Jan. 1, 2020. Vetoed by the governor on May 18, 2020. See, www.sos.ok.gov, Oklahoma Secretary of State, Executive Legislation, Receiving List of House and Senate Bills and Resolutions, 2020, 57th legis. 2R House Bill: 2760.

11. SB 1703, amending 68 O.S. Supp. 2019, §1356, to be effective July 1, 2021. Vetoed by the governor May 18, 2020. See, www.sos.ok.gov, Oklahoma Secretary of State, Executive Legislation, Receiving List of House and Senate Bills and Resolutions, 2020, 57th legis. 2R Senate Bill 1703.