



State of Oklahoma OTHER CREDITS FORM

FORM **511CR** 2012

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

Name as shown on return:	Social Security Number:
	-OR-
	Federal Employer Identification Number:

- **Tax Credit Moratorium:** Many Oklahoma credits available against corporate and individual income taxes are subject to a moratorium. Refer to the instructions for the specific credit for more information.
- **Carryover provisions:** Credits established before July 1, 2010 are eligible to be claimed under normal carryover provisions if applicable.

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.

1	Oklahoma Investment/New Jobs Credit (enclose Form 506)	1		00
2	Coal Credit.....	2		00
3a	Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property (enclose Form 567-A) Enter the number of Form(s) 567-A enclosed with this return: <input type="text"/>	3a		00
3b	Credit for Investment in Qualified Electric Motor Vehicle Property (placed in service before July 1, 2010)	3b		00
4	Small Business Capital Credit (enclose Form 527-A).....	4		00
5	Oklahoma Agricultural Producers Credit (enclose Form 520).....	5		00
6	Small Business Guaranty Fee Credit (enclose Form 529).....	6		00
7	Credit for Food Service Establishments that Pay for Hepatitis A Vaccination for their Employees.....	7		00
8	Credit for Energy Assistance Fund Contribution.....	8		00
9	Reserved	9		
10	Credit for Hazardous Waste Control.....	10		00
11	Credit for Qualified Recycling Facility	11		00
12	Credit for Employers Providing Child Care Programs	12		00
13	Credit for Entities in the Business of Providing Child Care Services.....	13		00
14	Credit for Commercial Space Industries.....	14		00
15	Reserved	15		
16	Credit for Tourism Development or Qualified Media Production Facility	16		00
17	Oklahoma Local Development and Enterprise Zone Incentive Leverage Act Credit ..	17		00
18	Credit for Qualified Rehabilitation Expenditures	18		00
19	Reserved	19		



OTHER CREDITS FORM

Name as shown on return:	Social Security/Federal Employer Identification Number:
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20	Rural Small Business Capital Credit (enclose Form 526-A)	20		00
21	Credit for Electricity Generated by Zero-Emission Facilities	21		00
22	Credit for Financial Institutions Making Loans under the Rural Economic Development Loan Act	22		00
23	Credit for Manufacturers of Small Wind Turbines	23		00
24	Credit for Qualified Ethanol Facilities	24		00
25	Poultry Litter Credit	25		00
26	Volunteer Firefighter Credit (enclose COFT's Form, see instructions on page 7) ...	26		00
27	Credit for Qualified Biodiesel Facilities	27		00
28	Film or Music Project Credit (enclose Form 562)	28		00
29	Credit for Breeders of Specially Trained Canines	29		00
30	Credit for Wages Paid to an Injured Employee	30		00
31	Credit for Modification Expenses Paid for an Injured Employee	31		00
32	Dry Fire Hydrant Credit	32		00
33	Credit for the Construction of Energy Efficient Homes	33		00
34	Credit for Railroad Modernization	34		00
35	Research and Development New Jobs Credit (enclose Form 563)	35		00
36	Credit for Stafford Loan Origination Fee (for banks & credit unions filing Form 512)..	36		00
37	Gas Used in Manufacturing Credit	37		00
38	Credit for Biomedical Research Contribution	38		00
39	Credit for Employees in the Aerospace Sector (enclose Form 564)	39		00
40	Credits for Employers in the Aerospace Sector (enclose Form 565)	40		00
41	Wire Transfer Fee Credit	41		00
42	Credit for Manufacturers of Electric Vehicles Enter the number of vehicles manufactured upon which the credit is used ..	42		00
43	Business Activity Tax Credit	43		00
44	Credit for Cancer Research Contribution	44		00
45	Oklahoma Capital Investment Board Tax Credit	45		00
46	Total (add lines 1 through 45)	46		00

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.

NOTICE

Tax credits transferred or allocated must be reported on Oklahoma Tax Commission (OTC) Form 569. Failure to file Form 569 will result in the affected credits being denied by the OTC pursuant to 68 Oklahoma Statutes (OS) Sec. 2357.1A-2.

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. 68 OS Sec. 2357.4 and Rule 710:50-15-74.

Note: Tax Credit Moratorium - No credit may be claimed for assets placed in service or new jobs created on or after July 1, 2010 through June 30, 2012, until July 1, 2012. Credits generated during this time period are deferred, and may be claimed beginning with tax year 2012 returns, subject to the limitations.

2 Coal Credit

Sec. 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.

Sec. 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 not 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 an OTC 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. 68 OS Sec. 2357.11 and Rule 710:50-15-76.

Note: Tax Credit Moratorium - No credit may be claimed for coal purchased, mined, produced or extracted 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 Oklahoma-mined coal for qualifying purposes purchased, mined, produced or extracted on or after July 1, 2012.

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

- a) A credit is allowed for investments in qualified clean-burning motor vehicle fuel property. For credits established in tax year 2010 and thereafter, any credit allowed but not used will have a five year carryover provision. For credits established in tax years 2009 and prior, any credit allowed but not used will have a three year carryover provision. Enclose Form 567-A for the Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property.
- b) A credit for investment in qualified electric motor vehicle property 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 three years if the credit was established in tax years 2009 and prior. The unused credit may be carried over for a period not to exceed five years if the credit was established in tax year 2010.

68 OS Sec. 2357.22 and Rule 710:50-15-81.

OTHER CREDITS INFORMATION

4 Small Business Capital Credit

A Small Business Capital Credit 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 subject to the following limitations:

- The credit may be carried over for a period not to exceed three years for investments made on or after November 1, 2006.
- The credit may be carried over for a period not to exceed ten years for investments made prior to June 7, 2006.
- The credit may be carried over for a period not to exceed ten years for investments made on or after June 7, 2006 and prior to November 1, 2006, provided they met the conditions specified in statute.

Enclose Form 527-A. 68 OS Sec. 2357.60 – 2357.65 and Rule 710:50-15-86.

5 Oklahoma Agricultural Producers Credit

An Oklahoma Agricultural Producers Credit 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 six years. Enclose Form 520 for the year the credit was originally established. 68 OS Sec. 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. 68 OS Sec. 2357.30 and Rule 710:50-15-110.

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. 68 OS Sec. 2370.1.

Note: Tax credit moratorium. Specifically guarantee fees paid between July 1, 2010 and June 30, 2012 are ineligible to be claimed as an income tax credit under 68 OS Sec. 2357.30.

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 63 OS Sec. 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 name and social security number of each employee immunized and the cost of the immunization. 68 OS Sec. 2357.33 and Rule 710:50-15-110.

Note: Tax credit moratorium. Specifically immunization expenses incurred between July 1, 2010 and June 30, 2012 are ineligible to be claimed as an income tax credit.

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. 68 OS Sec. 2357.6 and Rule 710:50-15-110.

Note: Tax credit moratorium. Specifically contributions made between July 1, 2010 and June 30, 2012 are ineligible to be claimed as an income tax credit.

9 Reserved

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. 27A OS Sec. 2-11-303 and Rule 710:50-15-75 and Rule 710:50-15-110.

Note: Tax credit moratorium. Specifically the installation and actual use of a recycling, reuse or source reduction of any hazardous waste process between July 1, 2010 and June 30, 2012 is ineligible to be claimed as an income tax credit.

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. 68 OS Sec. 2357.59 and Rule 710:50-15-84.

Note: 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 investments in qualified recycling facilities made on or after July 1, 2012.

OTHER CREDITS INFORMATION**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. 68 OS Sec. 2357.26 and Rule 710:50-15-91.

Note: Tax credit moratorium. No credit may be claimed for any expenditure 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 eligible expenditures occurring on or after July 1, 2012.

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. 68 OS Sec. 2357.27 and Rule 710:50-15-110.

Note: Tax credit moratorium. Specifically eligible expenses incurred between July 1, 2010 and June 30, 2012 are ineligible to be claimed as an income tax credit.

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 OTC. Any credit allowed but not used will have a four year carryover provision following the year of qualification subject to limitations. 68 OS Sec. 2357.13.

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

Enclose the income tax credit memorandum granting the credit which was issued by the OTC. Any credit allowed but not used will have a 10 year carryover provision. 68 OS Sec. 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 62 OS 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. 68 OS Sec. 2357.81 and Rule 710:50-15-110.

Note: Tax credit moratorium. Specifically ad valorem taxes exempted per 62 OS Sec. 860 for facilities in an enterprise zone between July 1, 2010 and June 30, 2012 are ineligible to be claimed as an income tax credit.

18 Credit for Qualified Rehabilitation Expenditures

Provides for a credit for qualified rehabilitation expenditures incurred with any certified historic structure as defined in Sec. 2357.41. The credit is to be equal to the amount of the Federal rehabilitation investment credit allowed under the Internal Revenue Code, Sec. 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, along with an OTC acknowledgment of credits earned. The transferee shall enclose these same forms with the Form 511CR. If this credit which has been transferred is subsequently reduced as the result of an adjustment by the Internal Revenue Service, OTC, 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. 68 OS Sec. 2357.41 and Rule 710:50-15-108.

Note: Tax credits accrued during the Moratorium. Credits may be claimed in Tax Year 2012 for any qualified rehabilitation expenditures made during the period of July 1, 2010 through June 30, 2012. Enclose a schedule showing the amount of the Federal rehabilitation investment credit and the tax year of the Federal return on which it was claimed or, if you are the transferee, a copy of the transfer agreement, Form 572, along with the OTC acknowledgment of credit earned.

19 Reserved

OTHER CREDITS INFORMATION**20 Rural Small Business Capital Credit**

A Rural Small Business Capital Credit 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 subject to the following limitations:

- The credit may be carried over for a period not to exceed three years for investments made on or after November 1, 2006.
- The credit may be carried over for a period not to exceed ten years for investments made prior to June 7, 2006.
- The credit may be carried over for a period not to exceed ten years for investments made on or after June 7, 2006 and prior to November 1, 2006, provided they met the conditions specified in statute.

Enclose Form 526-A. 68 OS Sec. 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 on or after January 1, 2007, the credit for the electricity generated is \$0.0050 per kilowatt-hour. Credits may be claimed during a ten-year period following the date the facility is placed in operation. 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, along with an OTC acknowledgment of credits earned. 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 or, if you are the transferee, a copy of the transfer agreement and OTC acknowledgement. **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.

For facilities placed in operation before January 1, 2007, a Credit for Electricity Generated by Zero-Emission Facilities 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 10 years.

68 OS Sec. 2357.32A and Rule 710:50-15-110.

Note: Tax credits accrued during the Moratorium. Any credit established during the period of July 1, 2010 through June 30, 2011 may be claimed in tax year 2012. Enclose a schedule showing the number of kilowatt-hours of electricity generated during each month of the moratorium and the calculation of the credit or, if you are the transferee, a copy of the transfer agreement, Form 572, along with the OTC acknowledgment of credit earned.

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" 62 OS Sec. 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. 68 OS Sec. 2370 and Rule 710:50-15-110.

Note: Tax credit moratorium. Specifically loans made between July 1, 2010 and June 30, 2012 cannot be claimed as an income tax credit.

23 Credit for Manufacturers of Small Wind Turbines

For tax years ending on or before December 31, 2012, 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, along with an OTC acknowledgment of credits earned. Enclose a schedule showing the square footage of rotor swept area produced each month of the taxable year and the calculation of the credit or, if you are the transferee, a copy of the transfer agreement and OTC acknowledgement. **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. 68 OS Sec. 2357.32B and Rule 710:50-15-92.

Note: Tax credit moratorium. No credit may be claimed for any advanced small wind turbines manufactured 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 advanced small wind turbines manufactured on or after July 1, 2012.

OTHER CREDITS INFORMATION

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 beginning the first month the facility is eligible to receive the credit and ending not later than December 31, 2012.

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.

Beginning January 1, 2013, an ethanol facility will receive a credit for production from a new facility which has not received credits prior to January 1, 2013, or the expansion of the capacity of an existing facility by at least 2 million gallons first placed into service after January 1, 2013, as certified by the design engineer of the facility to the OTC. The credit is 7.5-cents per gallon of ethanol, before denaturing, for new production for a period not to exceed 36 months. 68 OS Sec. 2357.66 and Rule 710:50-15-106.

Note: Tax credit moratorium. No credit may be claimed for any ethanol production 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 ethanol production at certain ethanol facilities produced on or after July 1, 2012.

25 Poultry Litter Credit

A credit of \$10 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. 68 OS Sec. 2357.100 and Rule 710:50-15-95.

Note: Tax credit moratorium. No credit may be claimed for purchases 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 poultry litter purchased and transported on or after July 1, 2012.

26 Volunteer Firefighter Credit

For taxpayers who qualify for the \$200 or \$400 Oklahoma Volunteer Firefighter Tax Credit, the completed and signed Council on Firefighter Training's (COFT) form 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 COFT at (405) 601-8862 or visit their website at: www.coft-oklahoma.org. 68 OS Sec. 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 beginning the first month the facility is eligible to receive the credit and ending no later than December 31, 2012.

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.

Beginning January 1, 2013, a biodiesel facility will receive a credit for production from a new facility which has not received credits prior to January 1, 2013, or the expansion of the capacity of an existing facility by at least 2 million gallons first placed into service after January 1, 2013, as certified by the design engineer of the facility to the OTC. The credit is 7.5-cents per gallon of biodiesel, for new production for a period not to exceed 36 months.

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

Note: Tax credit moratorium. No credit may be claimed for any biodiesel production 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 biodiesel production at certain biodiesel facilities produced on or after July 1, 2012.

OTHER CREDITS INFORMATION**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. 68 OS Sec. 2357.101 and Rule 710:50-15-101.

Note: 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.

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. 68 OS Sec. 2357.203 and Rule 710:50-15-97.

Note: Tax credit moratorium. No credit may be claimed for any expenditure 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 expenditures occurring on or after July 1, 2012 for qualified direct costs associated with the operation of a business enterprise whose principal purpose is the rearing of specially trained canines.

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. 68 OS Sec. 2357.47 and Rule 710:50-15-107.

Note: 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 on or after July 1, 2012.

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. 68 OS Sec. 2357.47 and Rule 710:50-15-107.

Note: 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 modification expenses made on or after July 1, 2012.

OTHER CREDITS INFORMATION

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. 68 OS Sec. 2357.102 and Rule 710:50-15-99.

Note: Tax credit moratorium. No credit may be claimed for purchases 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 purchases on or after July 1, 2012 of a dry fire hydrant or the cost to provide an acceptable means of water storage for such dry fire hydrants including a pond, tank, or other storage facility with the primary purpose of fire protection within the State of Oklahoma.

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, along with an OTC acknowledgment of credits earned. For each home, enclose proof of the energy rating, such as a copy of the Energy Star Certification sticker or the Energy Star Certificate or, if you are the transferee, a copy of the transfer agreement and OTC acknowledgement. You must be able to document the type and amount of expenses upon which the credit was based upon request. 68 OS Sec. 2357.46 and Rule 710:50-15-104.

Note: 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. A credit will be allowed for eligible expenditures made prior to July 1, 2010 regardless of when the property is substantially complete. This credit may be claimed for tax year 2012 and subsequent tax years, for eligible expenditures made on or after July 1, 2012, by contractors who construct either energy efficient residential property or energy efficient manufactured homes.

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, along with an OTC acknowledgment of credits earned. Enclose the "Affidavit" from the Department of Transportation or, if you are the transferee, a copy of the transfer agreement and OTC acknowledgement. 68 OS Sec. 2357.104 and Rule 710:50-15-103.

Note: Tax credit moratorium. No credit may be claimed for qualified railroad reconstruction or replacement expenditures occurring during the period of July 1, 2010 through June 30, 2012, for which the credit would otherwise be allowable. Qualified railroad reconstruction or replacement expenditures occurring before July 1, 2010 will qualify for the tax credit regardless of when the Department of Transportation issues the certificate of verification of completion of the project. This credit may be claimed for tax year 2012 and subsequent tax years, for qualified railroad reconstruction or replacement expenditures on or after July 1, 2012.

OTHER CREDITS INFORMATION**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.

68 OS Sec. 54006 and Rule 710:50-15-105.

Note: Tax credit moratorium. No credit may be claimed for jobs created 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 new jobs created on or after July 1, 2012.

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. 68 OS Sec. 2370.3 and Rule 710:50-15-110.

Note: Tax credit moratorium. Specifically origination fees paid between July 1, 2010 and June 30, 2012 are ineligible to be claimed as an income tax credit.

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 Employer Identification Number of the pass-through entity and the portion of the credit allocated to you. 68 OS Sec. 2357(C) and Rule 710:50-15-110.

Note: Tax credit moratorium. Specifically gas used between July 1, 2010 and June 30, 2012 is ineligible to be claimed as an income tax credit.

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. 68 OS Sec. 2357.45 and Rule 710:50-15-113.

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. 68 OS Sec. 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. 68 OS Sec. 2357.301, 2357.302 & 2357.303 and Rule 710:50-15-109.

OTHER CREDITS INFORMATION**41 Wire Transfer Fee Credit**

A credit is allowed for the electronic funds transfer fee paid pursuant to the Drug Money Laundering and Wire Transmitter Act (63 OS Sec. 2-503.1j). The electronic funds transfer fee is \$5 plus 1% of the transfer amount in excess of \$500. Any credit allowed but not used will have a five year carryover provision. Upon request you must be able to document the amount of fees paid upon which the credit is based. 68 OS Sec. 2357.401 and Rule 710:50-15-111.

42 Credit for Manufacturers of Electric Vehicles

Establishes a one-time credit for a manufacturer of low-speed electric motor vehicles, medium-speed electric motor vehicles or electric motor vehicles which are manufactured after June 30, 2010. The manufacturer must hold a manufacturer's exemption permit (MSEP).

The credit is as follows:

- For low-speed electric motor vehicles, the credit is \$500 per vehicle manufactured.
- For medium-speed electric motor vehicles, the credit is \$1,000 per vehicle manufactured.
- For electric motor vehicles, which are not low-speed or medium-speed vehicles, the credit is \$2,000 per vehicle manufactured.

Any credit allowed but not used will have a five year carryover provision. 68 OS Sec. 2357.402 and Rule 710:50-15-112.

43 Business Activity Tax Credit

- A credit equal to the \$25 Oklahoma Business Activity Tax paid on Form 511 or 511NR is allowed. The credit may only be taken for the year in which the Business Activity Tax is levied and if such tax is timely paid. Enclose Form 511-BAT "Oklahoma Business Activity Tax".
- A credit equal to the \$25 Business Activity Tax reported on Form BT-190 Part 2, line 1, is allowed. The credit may only be taken for the year in which the Business Activity Tax is levied and if such tax is timely paid. A limited liability company (LLC), including a single member LLC, does not qualify for this credit but will be entitled to a credit with the Oklahoma Secretary of State. An entity whose Business Activity Tax reported on Part 2, line 1 of Form BT-190 is greater than \$25 does not qualify for this credit. The credit may not flow through to the members of a pass-through entity.

68 OS Sec. 1219 and Rule 710:95-19-6.

44 Credit for Cancer Research Contribution

A credit is allowed to any taxpayer who makes a donation to a qualified cancer research institute. The credit is 50% of the amount donated, but may not exceed \$1,000 (\$2,000 for a married filing joint return). A "cancer research institute" means an organization which is exempt from taxation under the Internal Revenue Code (IRC) or a not-for-profit supporting organization, as defined by the IRC, affiliated with a tax-exempt organization. The tax exempt organization must have raising the standard of cancer clinical care, in Oklahoma, through peer-reviewed cancer research and education as its primary focus; be either an independent research institute or a program that is part of a state university which is a member of The Oklahoma State System of Higher Education; and receive at least \$4 million in National Cancer Institute 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. 68 OS Sec. 2357.45 and Rule 710:50-15-113.

45 Oklahoma Capital Investment Board Tax Credit

Enclose the Tax Credit Certificate issued by the Oklahoma Capital Investment Board (OCIB) as provided for in the Oklahoma Capital Formation Act. The Certificate will indicate the face amount of the tax credit and the State's fiscal year in which the credit may be claimed. The credit is freely transferable to subsequent transferees upon the issuance of a new Certificate by the OCIB to the transferee. Except as provided, no tax credit shall be exercisable after July 1, 2020. Tax credits may be exercised after July 1, 2020, if the credits were purchased or agreed to be purchased pursuant to an agreement originally entered into no later than December 31, 1995. Transferees may exercise the credits after July 1, 2020 if the credits were obtained from the person who originally entered into such an agreement or by a subsequent transferee if the credit transfer occurred prior to June 8, 2012. **Note:** This credit, upon 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 the Form 511CR. 74 OS Sec. 5085.7.