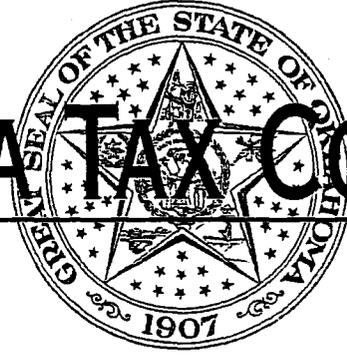


OKLAHOMA TAX COMMISSION



TAX POLICY DIVISION
RICK MILLER, DIRECTOR

PHONE (405) 521-3133
FACSIMILE (405) 522-0063

August 25, 2014



Re: LR 14-027; Income Tax –Credit for the Construction of Energy Efficient Homes (68 O.S. § 2357.46)

Dear 

This is in response to your inquiry of May 6, 2014 wherein you requested a ruling concerning the Oklahoma income tax credit for the construction of energy efficient homes (68 O.S. § 2357.46). What follows is verbatim your facts and requested ruling and our response thereto.

FACTS:

The Oklahoma Statute states that a home cannot exceed two thousand (2000) square feet in order to be eligible to qualify for a State Tax Credit. The question is what constitutes square footage and which areas are included in the calculation.

Most residential homes are constructed to have two square footages listed in the building plans. Frame Footage (heated and cooled space) and Veneer Footage (measured to the outside of the exterior finish). Many have an attached garage that is excluded in both square footages mentioned above. The heating and cooling load for a residence is based on the Frame Footage and for purposes of energy efficiency this is the area that should be in question.

RULING REQUEST:

I am asking for clarification of the square footage builders and energy raters should use to determine eligibility for the state tax rebate.

OTC RESPONSE:

Under 68 O.S. § 2357.46 an income tax credit is available for expenditures for construction

of energy efficient homes that are no more than two thousand (2000) square feet. In addition under the Oklahoma Administrative Code 710:50-15-104; eligible energy efficient residential property is defined, in part, as “newly constructed residential property or manufactured home property located in the State of Oklahoma. Further the home cannot exceed two thousand (2,000) square feet in order to be eligible for the credit.” No distinction is made between your description of Framed Footage versus Veneer Footage. As such, it is the position of the Tax Policy Division that the square footage builders and energy raters should use to determine eligibility for the state income tax credit is the total square footage of the home.

This response applies only to the circumstances set out in your request of May 6, 2014. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon **only** by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law.

Please be advised that the issuance of this ruling does not preclude the Oklahoma Tax Commission from conducting an audit or examination under 68 Okla. Stat. §206 of any report or return claiming a credit for the transactions outlined in this letter ruling. The Commission reserves the right to issue any assessment, correction, or adjustment authorized under 68 Okla. Stat. §221.

If I can be of further assistance, please feel free to call me at (405) 521-3133.

Sincerely,

OKLAHOMA TAX COMMISSION



Michael C. Kaufmann
Tax Policy Analyst