

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: March 1, 2021

BILL NUMBER: SB 905 **STATUS AND DATE OF BILL:** Committee Sub 3/1/2021

AUTHORS: House n/a Senate Bullard and Bergstrom

TAX TYPE (S): Income Tax **SUBJECT:** Credit

PROPOSAL: New Law

The Committee Substitute for SB 905 proposes to enact a new, non-refundable income tax credit to be claimed by an employer for each verified blood donation made by an employee as part of a blood drive that is organized by an Oklahoma nonprofit blood donation organization in coordination with an employer or group of employers. The blood drive may not be open to non-employees. Effective for tax years 2022 through 2027, an employer may claim a \$20 credit for each qualified donation. Total credits are capped at \$500,000 per year.¹

EFFECTIVE DATE: November 1, 2021

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 22: None.

FY 23: Estimated decrease in income tax collections of \$704,000.

Mar. 1, 2021
DATE

Rick Miller
DIVISION DIRECTOR

bdf

3/1/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/2/21
DATE

JDA
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

¹ Because the formula to be used for the credit cap percentage adjustment is \$500,000 divided by the credits claimed in the second preceding year, the credit cap is not enforceable until tax year 2024.

ATTACHMENT TO REVENUE IMPACT - SB 905 [CS] Prepared 3/1/2021

The Committee Substitute for SB 905 proposes to enact a new, non-refundable income tax credit to be claimed by an employer² for each verified blood donation made by an employee as part of a blood drive that is organized by an Oklahoma nonprofit blood donation organization in coordination with an employer or group of employers. The blood drive may not be open to non-employees. Effective for tax years 2022 through 2027, an employer may claim a \$20 credit for each qualified donation.

Total credits are capped at \$500,000 per year. The Oklahoma Tax Commission shall annually calculate and publish a percentage by which the credits authorized shall be reduced so the total amount of credits used to offset tax does not exceed \$500,000 per year. The formula to be used for the percentage adjustment is \$500,000 divided by the credits claimed in the second preceding year.

Data provided by the Oklahoma/Texas/Arkansas Blood Institute,³ indicates that 35,224 blood donations were received from employees participating in qualified blood drives during 2019.⁴ Assuming similar activity in 2022, the potential revenue impact is an estimated decrease in income tax revenue of approximately \$704,000⁵ for tax year 2022. No changes in withholding or estimated tax payments are anticipated, and the full impact would occur in FY 23 when the 2022 income tax returns are filed.

² "Employer" means a sole proprietor, general partnership, limited partnership, limited liability company, corporation or other legally recognized business entity.

³ Terry Ridenour, Vice President of Center Administration and Operations for the Oklahoma/Texas/Arkansas Blood Institute

⁴ The number of employee blood donations received during 2020 was 33,004; however, this number may reflect reduced activity, due to COVID-19.

⁵ Because the formula to be used for the credit cap percentage adjustment is \$500,000 divided by the credits claimed in the second preceding year, the credit cap is not enforceable until tax year 2024.