

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

SENATE BILL 1745

By: Montgomery

AS INTRODUCED

An Act relating to income tax; creating tax credit for donations to a charitable business start-up entity; setting amount of credit; limiting individual credit allowed; defining term; limiting total credits allowed annually and requiring allocation by Oklahoma Tax Commission; providing for refundability; requiring entities to provide certain information and notice; requiring Tax Commission to make specified determination under certain condition; providing for application of certain disallowed credit to subsequent year; requiring Tax Commission to publish certain information annually; requiring certain entity to submit, and Tax Commission to approve or disapprove, certain application; requiring Tax Commission to promulgate certain rules in consultation with Oklahoma Department of Commerce; and providing for codification; providing effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.406 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For tax years beginning on or after January 1, 2021, and ending on December 31, 2024, there shall be allowed a credit for any taxpayer who makes a contribution to a charitable business start-up

1 entity. The credit shall be equal to fifty percent (50%) of the  
2 total amount of contributions made during a taxable year, not to  
3 exceed Two Hundred Thousand Dollars (\$200,000.00).

4 B As used in this section, "charitable business start-up  
5 entity" means a nonprofit entity exempt from taxation pursuant to  
6 the provisions of the Internal Revenue Code, 26 U.S.C., Section  
7 501(c)(3), that provides non-equity grants for start-up entities who  
8 locate or relocate in this state for at least one (1) year after  
9 receiving a grant from a charitable business start-up entity.

10 C. The total credits authorized pursuant to subsection A of  
11 this section for all taxpayers shall not exceed Two Million Dollars  
12 (\$2,000,000.00) annually. Such credits shall be allocated by the  
13 Oklahoma Tax Commission as provided in subsection E of this section.

14 D. Any credits generated, but not used by the taxpayer shall be  
15 refunded.

16 E. Total credits authorized by this section shall be allocated  
17 as follows:

18 1. By January 10 of the year immediately following each  
19 calendar year, a charitable business start-up entity which accepts  
20 contributions pursuant to this section shall provide electronically  
21 to the Tax Commission information on each contribution accepted  
22 during such taxable year. At least once each taxable year, the  
23 charitable business start-up entity shall notify each contributor  
24

1 that Oklahoma law provides for a total, statewide cap on the amount  
2 of income tax credits allowed annually;

3 2. If the Tax Commission determines the total combined credits  
4 claimed for contributions made to charitable business start-up  
5 entities during the most recently completed calendar year by all  
6 taxpayers are in excess of the statewide caps provided in subsection  
7 C of this section, the Tax Commission shall determine the percentage  
8 of the contribution which establishes the proportionate share of the  
9 credit which may be claimed by any taxpayer so that the maximum  
10 credits authorized by this section are not exceeded. Credits earned,  
11 but not allowed due to the application of statewide caps provided in  
12 this subsection will be considered suspended and authorized to be  
13 used in the next immediate tax year and applied to the next year's  
14 statewide cap; and

15 3. The Tax Commission shall publish the percentage of the  
16 contribution which may be claimed as a credit by contributors for  
17 the most recently completed calendar year on the Tax Commission  
18 website no later than February 15 of each calendar year for  
19 contributions made the previous year. Each charitable business  
20 start-up entity shall notify contributors of that amount annually.

21 C. 1. In order to qualify under this section, a charitable  
22 business start-up entity shall submit an application with  
23 information to the Oklahoma Tax Commission on a form prescribed by  
24 the Tax Commission that:

- 1           a.    enables the Tax Commission to confirm that the  
2                   organization is a nonprofit entity exempt from  
3                   taxation pursuant to the provisions of the Internal  
4                   Revenue Code, 26 U.S.C., Section 501(c)(3), and  
5           b.    describes the non-equity grants provided to start-up  
6                   entities who locate or relocate in this state.

7 The Tax Commission shall review and approve or disapprove the  
8 application, in consultation with the State Department of Commerce.

9       D. In consultation with the State Department of Commerce, the  
10 Tax Commission shall promulgate rules necessary to implement this  
11 act. The rules shall include procedures for the registration of a  
12 charitable business start-up entity for purposes of determining if  
13 the entity meets the requirements of this act or for the revocation  
14 of the registration of an entity, if applicable.

15       SECTION 2. This act shall become effective November 1, 2020.

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