

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 SENATE BILL 559

By: Montgomery

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6 AS INTRODUCED

7 An Act relating to income tax credit; creating tax
8 credit for donations to a charitable business start-
9 up entity; setting amount of credit; limiting
10 individual credit allowed; defining term; limiting
11 total credits allowed annually and requiring
12 allocation by Oklahoma Tax Commission; providing for
13 refundability; requiring entities to provide certain
14 information and notice; requiring Tax Commission to
15 make specified determination under certain condition;
16 providing for application of certain disallowed
17 credit to subsequent year; requiring Tax Commission
18 to publish certain information annually; requiring
19 certain entity to submit, and Tax Commission to
20 approve or disapprove, certain application; requiring
21 Tax Commission to promulgate certain rules in
22 consultation with Oklahoma Department of Commerce;
23 providing for codification; and providing an
24 effective date.

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

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

22 A. For tax years 2022 through 2025, there shall be allowed a
23 credit for any taxpayer who makes a contribution to a charitable
24 business start-up entity. The credit shall be equal to fifty

1 percent (50%) of the total amount of contributions made during a
2 taxable year, not to exceed Two Hundred Thousand Dollars
3 (\$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
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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
11 earned, but not allowed due to the application of statewide caps
12 provided in this subsection, will be considered suspended and
13 authorized to be used in the next immediate tax year and applied to
14 the next year's 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 F. 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 G. In consultation with the Oklahoma Department of Commerce,
10 the Tax Commission shall promulgate rules necessary to implement
11 this act. The rules shall include procedures for the registration
12 of a charitable business start-up entity for purposes of determining
13 if the entity meets the requirements of this act or for the
14 revocation of the registration of an entity, if applicable.

15 SECTION 2. This act shall become effective November 1, 2021.

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