STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

SENATE BILL 875 By: Pruitt

AS INTRODUCED

An Act relating to revenue and taxation; providing short title; allowing credit against income taxes for certain contributions to charitable organizations; specifying amount of and limitation on credit; allowing credit to be carried forward for certain period; providing that credit be in lieu of certain deduction; requiring certain information to be provided to Oklahoma Tax Commission; defining terms; providing for codification; and providing an 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 2357.66 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. This act shall be known and may be cited as the "Compassionate Contributions Tax Credit Act".

B. For tax years beginning after December 31, 2001, there shall be allowed a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes for voluntary contributions made by a taxpayer to a qualifying charitable organization.

C. The credit provided for in subsection B of this section shall be limited to One Hundred Dollars ($100.00) for a credit claimed on a return with a filing status of single, married filing separately or head of household and shall be limited to Two Hundred Dollars ($200.00) for a credit claimed on a return with a filing status of married filing jointly. The amount of the credit shall be limited to the amount of contributions to qualifying charitable organizations that exceeds the total amount of such contributions

deducted or that would have been deductible pursuant to the provisions of Section 170 of the Internal Revenue Code in the taxpayer's baseline year, which shall be as follows:

1. If the taxpayer deducted charitable contributions pursuant to the provisions of Section 170 of the Internal Revenue Code for the 2001 taxable year, the taxpayer's baseline year shall be 2001;

2. If the taxpayer did not deduct charitable contributions pursuant to the provisions of Section 170 of the Internal Revenue Code for the 2001 taxable year, the taxpayer's baseline year shall be the first taxable year after 2001 for which the taxpayer:

a. itemized deductions, including deductions for charitable contributions pursuant to the provisions of Section 170 of the Internal Revenue Code, or

b. provided evidence to the Oklahoma Tax Commission showing the amount of charitable contributions made by the taxpayer during the taxable year which would have been deductible pursuant to the provisions of Section 170 of the Internal Revenue Code if the taxpayer had itemized deductions for the taxable year.

No credit shall be allowed for the taxpayer's baseline year or for any taxable year prior to the taxpayer's baseline year.

D. If the credit exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of the credit not used as an offset against the income taxes for a tax year may be carried forward as a credit against subsequent income tax liability for a period not to exceed five (5) years.

E. The credit allowed herein shall be in lieu of a deduction taken for such contributions pursuant to the provisions of Section 170 of the Internal Revenue Code. If such a deduction is taken for federal income tax purposes and the credit allowed herein is claimed, the amount of the contributions shall be added to federal

adjusted gross income for purposes of calculation of Oklahoma adjusted gross income.

F. As used in this section:

1. "Low income individuals" means persons whose household income is less than one hundred fifty percent (150%) of the federal poverty level;

2. "Qualifying charitable organization" means a charitable organization that is exempt from federal taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code and that expended at least fifty percent (50%) of its annual budget for the taxable year prior to the year for which the credit is claimed on services to residents of this state who receive Temporary Assistance for Needy Families Program benefits or to low income individuals who are residents of this state and their households. A qualifying charitable organization shall provide the Tax Commission with a written certification that it meets all criteria to be considered a qualifying charitable organization and shall notify the Tax Commission of any changes that may affect its qualifications. A contribution made to a charitable organization that collects donations for distribution to other charitable organizations shall be considered a contribution to a qualifying charitable organization if the contribution is designated by the donor thereof to be distributed to a qualifying charitable organization; and

3. "Services" means cash assistance, medical care, child care, food, clothing, shelter or any other assistance that is reasonably necessary to meet basic needs and that is provided and used in this state.

SECTION 2. This act shall become effective November 1, 2002.

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