

ENGROSSED HOUSE  
BILL NO. 3122

By: Hiett, Terrill, Adkins,  
Dank, Balkman, Bingman,  
Cargill, Denney, DePue,  
Duncan, Peterson (Pam),  
Peterson (Ron), Sullivan,  
Wesselhoft and Winchester  
of the House

and

Coates of the Senate

An Act relating to revenue and taxation; creating tax credit for contributions to certain charitable organizations; specifying amount of credit; 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 2357.105 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2006, there shall be allowed against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes, a credit for an individual taxpayer who made voluntary cash contributions during the taxable year to a qualifying charitable organization as determined pursuant to subsection F of this section. The credit shall be equal to the amount of the donation of a taxpayer that exceeds two percent (2%) of the gross income of the taxpayer and that exceeds the total amount deducted pursuant to Section 170 of the Internal Revenue Code in the baseline year of the taxpayer. The baseline year of the taxpayer is:

1. The 2005 taxable year if the taxpayer deducted charitable contributions pursuant to Section 170 of the Internal Revenue Code in the 2005 taxable year;

2. If the taxpayer did not deduct charitable contributions pursuant to Section 170 of the Internal Revenue Code in the 2005 taxable year, the baseline year of the taxpayer is the first taxable year that the taxpayer deducted charitable contributions pursuant to Section 170 of the Internal Revenue Code.

B. But in no event shall the credit exceed:

1. Two Hundred Dollars (\$200.00) in any taxable year for a single individual or a head of household;

2. Three Hundred Dollars (\$300.00) in taxable year 2007 for a married couple filing a joint return; and

3. Four Hundred Dollars (\$400.00) in taxable year 2008 and any subsequent year for a married couple filing a joint return.

C. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half (1/2) of the tax credit that would have been allowed for a joint return.

D. If the credit allowed pursuant to this section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the taxpayer may carry forward the amount of the claim not used to offset the taxes imposed by Section 2355 of Title 68 of the Oklahoma Statutes for not more than five (5) consecutive taxable years' income tax liability.

E. The tax credit authorized by this section shall not be transferable.

F. The credit under this section applies only to contributions to qualifying charitable organizations that assist the poor. For the purposes of this section:

1. "Low-income residents" 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 income taxation under

Section 501(c)(3) of the Internal Revenue Code. The organization must spend at least fifty percent (50%) of its budget on services to residents of this state who receive temporary assistance for needy families benefits or low income residents of this state and their households. Taxpayers choosing to make donations through an umbrella charitable organization that collects donations on behalf of member charities shall designate that the donation be directed to a member charitable organization that would qualify under this section on a stand-alone basis; and

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

G. The Oklahoma Tax Commission may prescribe forms and promulgate rules for purposes of claiming the credit authorized by this section.

SECTION 2. This act shall become effective January 1, 2007.

Passed the House of Representatives the 16th day of March, 2006.

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Presiding Officer of the House of  
Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2006.

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Presiding Officer of the Senate