

3 Senate Bill No. 1537
4 As Amended

5 SENATE BILL NO. 1537 - By: PADDACK of the Senate and HILLIARD of the
6 House.

7 [revenue and taxation - tax credits relating to the
8 community services - codification - effective date]

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

10 SECTION 1. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 2357.77 of Title 68, unless
12 there is created a duplication in numbering, reads as follows:

13 As used in this act:

14 1. "Business firm" means any business entity authorized to do
15 business in this state which is subject to the state income tax
16 imposed by the provisions of Section 2355 of Title 68 of the
17 Oklahoma Statutes, any individual subject to the state income tax
18 imposed by the provisions of Section 2355 of Title 68 of the
19 Oklahoma Statutes, any national banking association, state bank,
20 trust company or savings and loan association paying an annual tax
21 on its net income pursuant to the provisions of Section 2370 of
22 Title 68 of the Oklahoma Statutes, or any insurance company paying
23 the premium tax imposed pursuant to the provisions of Section 624
24 of Title 36 of the Oklahoma Statutes;

- 1 2. "Community services" means:
- 2 a. the conduct of activities which meet a demonstrated
- 3 community need and which are designed to achieve
- 4 improved educational and social services for Oklahoma
- 5 children and their families, and which are coordinated
- 6 with communities including, but not limited to, social
- 7 and human services organizations that address the
- 8 causes of poverty through programs and services that
- 9 assist low income persons in the areas of employment,
- 10 food, housing, emergency assistance and health care,
- 11 b. crime prevention, and
- 12 c. health care services;
- 13 3. "Crime prevention" means any nongovernmental activity
- 14 which aids in the prevention of crime;
- 15 4. "Community service organization" means any organization
- 16 performing community services in this state and which:
- 17 a. has obtained a ruling from the Internal Revenue
- 18 Service of the United States Department of the
- 19 Treasury that such organization is exempt from income
- 20 taxation under the provisions of Section 501(c)(3) of
- 21 the Internal Revenue Code,
- 22 b. is incorporated in this state or another state as a
- 23 nonstock, nonprofit corporation,

1 c. has been designated as a community development
2 corporation by the United States government under the
3 provisions of Title VII of the Economic Opportunity
4 Act of 1964, or

5 d. is chartered by the United States Congress;

6 5. "Contribution" means and includes the donation of cash,
7 services or property other than used clothing in an amount or value
8 of Two Hundred Fifty Dollars (\$250.00) or more. Stocks and bonds
9 contributed shall be valued at the stock market price on the date
10 of transfer. Services contributed shall be valued at the standard
11 billing rate for not-for-profit clients. Personal property items
12 contributed shall be valued at the lesser of their fair market
13 value or cost to the donor and may be inclusive of costs incurred
14 in making the contribution, but shall not include sales tax.
15 Contributions of real estate are allowable for credit only when
16 title thereto is in fee simple absolute and is clear of any
17 encumbrances. The amount of credit allowable shall be based upon
18 the lesser of two current independent appraisals conducted by state
19 licensed appraisers; and

20 6. "Health care services" includes, but is not limited to,
21 the following:

- 1 a. services provided by local health departments, city,
2 county or district hospitals, city or county nursing
3 homes, or other residential institutions,
4 b. preventive health care services offered by a community
5 service organization including, but not limited to,
6 immunizations, prenatal care, the postponement of
7 entry into nursing homes by home health care services,
8 and community based services for persons with a
9 disability,
10 c. mental health services,
11 d. indigent health care,
12 e. physician or health care worker recruitment,
13 f. health education,
14 g. emergency medical services,
15 h. services provided by rural health clinics,
16 i. integration of health care services,
17 j. home health services, and
18 k. services provided by rural health networks; and

19 7. "Rural community" means any city having a population of
20 fewer than fifteen thousand (15,000) persons located in a county
21 that is not part of a standard metropolitan statistical area as
22 defined by the United States Department of Commerce or its
23 successor agency. However, any such city located in a county

1 defined as a standard metropolitan statistical area shall be deemed
2 a rural community if a substantial number of persons in such county
3 derive their income from agriculture and, in any county where there
4 is only one city within the county which has a population of more
5 than fifteen thousand (15,000) persons and which classifies as a
6 standard metropolitan statistical area, all other cities in that
7 county having a population of fewer than fifteen thousand (15,000)
8 persons shall be deemed a rural community. As used in this
9 paragraph, population figures shall be based upon the most recent
10 federal decennial census.

11 SECTION 2. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 2357.78 of Title 68, unless
13 there is created a duplication in numbering, reads as follows:

14 For taxable years commencing after December 31, 2006, any
15 business firm which makes a contribution to a community service
16 organization or governmental entity which engages in the activities
17 of providing community services, shall be allowed a credit against
18 the tax imposed by Section 2355 or Section 2370 of Title 68 of the
19 Oklahoma Statutes or Section 624 of Title 36 of the Oklahoma
20 Statutes, if the contribution is for the provision of services
21 approved in a proposal pursuant to the provisions of Section 4 of
22 this act.

1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 2357.79 of Title 68, unless
3 there is created a duplication in numbering, reads as follows:

4 The amount of credit allowed pursuant to Section 2 of this act
5 shall not exceed seventy percent (70%) of the total amount
6 contributed during the taxable year by the business firm to a
7 community service organization or governmental entity for programs
8 approved to provide community services in a rural community
9 pursuant to the provisions of Section 4 of this act. The amount of
10 credit allowed pursuant to the provisions of Section 2 of this act
11 shall not exceed fifty percent (50%) of the total amount
12 contributed during the taxable year by the business firm to a
13 community service organization or governmental entity for other
14 programs approved pursuant to the provisions of Section 4 of this
15 act. If the amount of the credit allowed by this section exceeds
16 the taxpayer's tax liability against which the credit is claimed,
17 such excess amount shall be carried forward for a period not to
18 exceed five (5) tax years.

19 SECTION 4. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 2357.80 of Title 68, unless
21 there is created a duplication in numbering, reads as follows:

22 A. The Incentive Approval Committee created in Section 3603 of
23 Title 68 of the Oklahoma Statutes shall annually review and approve

1 or disapprove each proposal of providers of community services to
2 provide services, in conjunction with soliciting contributions
3 eligible for the tax credit provided for in this act. No proposal
4 for crime prevention shall be approved without the endorsement of
5 one or more agencies of local government within the area in which
6 crime prevention is to be provided. The proposal shall set forth
7 the program to be conducted, why the program is needed, the
8 estimated amount to be invested in the program and the plans for
9 implementing the program.

10 B. The Oklahoma Department of Commerce and the Oklahoma Tax
11 Commission are hereby authorized to promulgate rules to implement
12 the provisions of this act.

13 C. Criteria for evaluating such proposals and establishing
14 priorities for such proposals shall include:

15 1. Proposals that provide for enhanced services for children
16 and families, crime prevention and health care shall receive
17 priority over proposals relating to other subjects;

18 2. Proposals that will result in additional or improved
19 capital or infrastructure for community service organizations shall
20 receive priority over proposals relating to operations;

21 3. Proposals by community service organizations that utilize a
22 greater percentage of their contributions directly for community

1 services shall receive priority over proposals by organizations
2 utilizing a greater percentage for administrative expenses; and

3 4. Proposals that will provide additional or enhanced
4 community services in a rural community shall receive priority over
5 proposals that provide such services in other geographic areas of
6 the state.

7 D. In addition to the criteria specified in subsection C of
8 this section, the Department shall develop a system for comparing
9 proposals based upon the following:

10 1. Capability of the community service organization to
11 adequately administer the project;

12 2. Degree to which the area or population to be served has
13 demonstrated a need for the project;

14 3. Ability of the community service organization to provide
15 the proposed services over time;

16 4. Readiness of the community organization to proceed with the
17 project in a timely manner;

18 5. Demonstrated community support or public support for the
19 project; and

20 6. Evidence of support from donors.

21 The Department shall evaluate and prioritize proposals
22 according to the criteria specified in this section.

1 E. In no event shall the total amount of credits allowed under
2 this section exceed Four Million Five Hundred Thousand Dollars
3 (\$4,500,000.00) for any one fiscal year. The Committee may approve
4 any proposal in whole or in part, subject to the limitations
5 specified in this act.

6 SECTION 5. This act shall become effective November 1, 2006.

7 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 2-21-06 - DO PASS,
8 As Amended and Coauthored.