

THE HOUSE OF REPRESENTATIVES  
Monday, March 3, 2008

Committee Substitute for  
House Bill No. 2535

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 2535 - By: MCCULLOUGH of the House.

( revenue and taxation - tax credit - charitable organizations – codification - effective date )

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

1 SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma  
2 Statutes as Section 2357.105 of Title 68, unless there is created a duplication in  
3 numbering, reads as follows:

4 A. For taxable years beginning after December 31, 2008, there shall be allowed  
5 against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes, a credit for  
6 an individual taxpayer who made voluntary cash contributions during the taxable year to  
7 a qualifying charitable organization as defined by subsection G of this section. The credit  
8 shall be equal to the amount of the donation of a taxpayer that exceeds two percent (2%)  
9 of the gross income of the taxpayer and that exceeds the total amount deducted pursuant  
10 to Section 170 of the Internal Revenue Code in the baseline year of the taxpayer.

11 B. As used in this section the baseline year of the taxpayer is:

1           1. The 2008 taxable year if the taxpayer deducted charitable contributions  
2 pursuant to Section 170 of the Internal Revenue Code in the 2008 taxable year; or

3           2. If the taxpayer did not deduct charitable contributions pursuant to Section 170 of  
4 the Internal Revenue Code in the 2008 taxable year, the first taxable year that the  
5 taxpayer deducted charitable contributions pursuant to Section 170 of the Internal  
6 Revenue Code.

7           C. In no event shall the credit exceed:

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

10          2. Three Hundred Dollars (\$300.00) in taxable year 2009 for a married couple filing  
11 a joint return; and

12          3. Four Hundred Dollars (\$400.00) in taxable year 2010 and any subsequent year  
13 for a married couple filing a joint return.

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

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

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

1 G. For the purposes of this section:

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

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

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

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

17 SECTION 2. This act shall become effective January 1, 2009.

18 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET,  
19 dated 02-28-08 - DO PASS, As Amended.