

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL NO. 721

By: Barrington, Garrison and
Bass of the Senate

6 and

7 Banz of the House

8
9 COMMITTEE SUBSTITUTE

10 An Act relating to revenue and taxation; providing
11 income tax exemption for payments resulting from
12 death of certain persons killed in military action;
13 prescribing procedures; creating opportunity for
14 donation of income tax refund to Folds of Honor
15 Scholarship Program; specifying language; providing
16 for distribution of funds; creating revolving fund
17 and providing for expenditures from fund; providing
18 procedures for refund under specified circumstances;
19 providing for codification; and providing an
20 effective date.

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

22 SECTION 1. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 2358.1A of Title 68, unless
24 there is created a duplication in numbering, reads as follows:

A. Any payment made by the United States Department of Defense
as a result of the death of a member of the Armed Forces of the

1 United States who has been killed in action in a United States
2 Department of Defense designated combat zone shall be exempt from
3 Oklahoma income tax during the taxable year in which the individual
4 is declared deceased by the Armed Forces.

5 B. In any case where income tax has been paid upon any income
6 exempt pursuant to subsection A of this section the tax monies shall
7 be refunded to the person or personal representative of the person.
8 The refund shall be made by the Oklahoma Tax Commission out of the
9 Oklahoma Income Tax Adjustment Fund, and so much of such fund as is
10 necessary for such purpose is hereby appropriated. The provisions
11 of this section shall be liberally construed to accomplish its
12 purpose and the statute of limitations with respect to refunds of
13 income taxes shall not apply to taxpayers covered by this section.

14 SECTION 2. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 2368.17 of Title 68, unless
16 there is created a duplication in numbering, reads as follows:

17 A. Each state individual income tax return form for tax years
18 which begin after December 31, 2009, and each state corporate tax
19 return form for tax years beginning after December 31, 2009, shall
20 contain a provision to allow a donation from a tax refund for the
21 purpose of providing academic and vocational training scholarships
22 administered through the Folds of Honor Scholarship Program to
23 dependents of military servicemen and servicewomen who were either
24 killed or wounded in action due to military service in the war in

1 Iraq or Afghanistan where such program is administered through Folds
2 of Honor Incorporated, a nonprofit charitable organization exempt
3 from taxation pursuant to the provisions of the Internal Revenue
4 Code, 26 U.S.C., Section 501(c)(3). The provision to allow donation
5 shall read as follows:

6 Support of Folds of Honor Scholarship Program, a nonprofit
7 charitable organization providing academic and vocational training
8 scholarships to dependents of military servicemen and servicewomen
9 who were either killed or wounded in action due to military service
10 in the war in Iraq or Afghanistan. Check if you wish to donate from
11 your tax refund: () \$2, () \$5, or () \$____.

12 B. Except as otherwise provided for in this section, all monies
13 generated pursuant to subsection A of this section shall be paid to
14 the State Treasurer by the Oklahoma Tax Commission and placed to the
15 credit of the Income Tax Checkoff Revolving Fund for the Support of
16 the Folds of Honor Scholarship Program created in subsection C of
17 this section.

18 C. There is hereby created in the State Treasury a revolving
19 fund for the Military Department of the State of Oklahoma to be
20 designated the "Income Tax Checkoff Revolving Fund for the Support
21 of the Folds of Honor Scholarship Program". The fund shall be a
22 continuing fund, not subject to fiscal year limitations, and shall
23 consist of all monies apportioned to the fund pursuant to the
24 provisions of this section. All monies accruing to the credit of

1 the fund are hereby appropriated and may be budgeted and expended by
2 the Military Department for the purpose of providing grants for
3 academic and vocational training scholarships administered through
4 the Folds of Honor Scholarship Program. Such monies shall be
5 apportioned as and in a manner specified by the Military Department.
6 Expenditures from the fund shall be made upon warrants issued by the
7 State Treasurer against claims filed as prescribed by law with the
8 Director of State Finance for approval and payment.

9 D. If a taxpayer makes a donation pursuant to subsection A of
10 this section in error, such taxpayer may file a claim for refund at
11 any time within three (3) years from the due date of the tax return.
12 Such claims shall be filed pursuant to the provisions of Section
13 2373 of Title 68 of the Oklahoma Statutes. Prior to the
14 apportionment set forth in this section, an amount equal to the
15 total amount of refunds made pursuant to this subsection during any
16 one (1) year shall be deducted from the total donations received
17 pursuant to this section during the following year and such amount
18 deducted shall be paid to the State Treasurer and placed to the
19 credit of the Income Tax Withholding Refund Account.

20 SECTION 3. This act shall become effective January 1, 2010.

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