

THE HOUSE OF REPRESENTATIVES
Tuesday, April 14, 2009

Committee Substitute for
ENGROSSED
Senate Bill No. 721

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 721 - By:
BARRINGTON, GARRISON AND BASS of the Senate and BANZ AND SHERRER of the
House.

An Act relating to revenue and taxation; providing income tax exemption for
payments resulting from death of certain persons killed in military action;
prescribing procedures; creating opportunity for donation of income tax refund
to Folds of Honor Scholarship Program; specifying language; providing for
distribution of funds; creating revolving fund and providing for expenditures
from fund; providing procedures for refund under specified circumstances;
providing for codification; and providing an 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 2358.1A of Title 68, unless there is created a duplication in
3 numbering, reads as follows:

4 A. Any payment made by the United States Department of Defense as a result of
5 the death of a member of the Armed Forces of the United States who has been killed in
6 action in a United States Department of Defense designated combat zone shall be exempt
7 from Oklahoma income tax during the taxable year in which the individual is declared
8 deceased by the Armed Forces.

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

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

12 A. Each state individual income tax return form for tax years which begin after
13 December 31, 2009, and each state corporate tax return form for tax years beginning
14 after December 31, 2009, shall contain a provision to allow a donation from a tax refund
15 for the purpose of providing academic and vocational training scholarships administered
16 through the Folds of Honor Scholarship Program to dependents of military servicemen
17 and servicewomen who were either killed or wounded in action due to military service in
18 the war in Iraq or Afghanistan where such program is administered through Folds of
19 Honor Incorporated, a nonprofit charitable organization exempt from taxation pursuant
20 to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3). The
21 provision to allow donation shall read as follows:

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

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

6 B. Except as otherwise provided for in this section, all monies generated pursuant
7 to subsection A of this section shall be paid to the State Treasurer by the Oklahoma Tax
8 Commission and placed to the credit of the Income Tax Checkoff Revolving Fund for the
9 Support of the Folds of Honor Scholarship Program created in subsection C of this
10 section.

11 C. There is hereby created in the State Treasury a revolving fund for the Military
12 Department of the State of Oklahoma to be designated the "Income Tax Checkoff
13 Revolving Fund for the Support of the Folds of Honor Scholarship Program". The fund
14 shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all
15 monies apportioned to the fund pursuant to the provisions of this section. All monies
16 accruing to the credit of the fund are hereby appropriated and may be budgeted and
17 expended by the Military Department for the purpose of providing grants for academic
18 and vocational training scholarships administered through the Folds of Honor
19 Scholarship Program. Such monies shall be apportioned as and in a manner specified by
20 the Military Department. Expenditures from the fund shall be made upon warrants
21 issued by the State Treasurer against claims filed as prescribed by law with the Director
22 of State Finance for approval and payment.

1 D. If a taxpayer makes a donation pursuant to subsection A of this section in error,
2 such taxpayer may file a claim for refund at any time within three (3) years from the due
3 date of the tax return. Such claims shall be filed pursuant to the provisions of Section
4 2373 of Title 68 of the Oklahoma Statutes. Prior to the apportionment set forth in this
5 section, an amount equal to the total amount of refunds made pursuant to this
6 subsection during any one (1) year shall be deducted from the total donations received
7 pursuant to this section during the following year and such amount deducted shall be
8 paid to the State Treasurer and placed to the credit of the Income Tax Withholding
9 Refund Account.

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

11 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET,
12 dated 04-13-09 - DO PASS, As Amended and Coauthored.