

MEMORANDUM

OKLAHOMA TAX COMMISSION TAX POLICY DIVISION

Date: February 15, 2010

To: Senator Mike Mazzei, Chairman
Senator Gary Stanislawski, Co-Chairman
Committee on Finance
Oklahoma State Senate

From: Dawn Cash, Director
Tax Policy and Research Division

Subject: Senate Bill 1919 (Proposed Committee Substitute)

Pursuant to your request, below is the estimated revenue impact for Senate Bill 1919 (Proposed Committee Substitute) which provides as follows:

SB 1919 (PCS) proposes to amend 68 O.S. § 2357.45 which relates to the Oklahoma income tax credit for donations made to an Oklahoma biomedical research institute. Under current law, taxpayers who make donations to an Oklahoma biomedical research institute are eligible to claim an Oklahoma income tax credit equal to fifty percent (50%) of their donation with a maximum credit amount of One Thousand Dollars (\$1,000.00). There is a trigger to adjust the percentage of donation to calculate the credit down if the annual credits claimed exceed Two Million Dollars (\$2,000,000).

This measure adds donations to a qualifying cancer research institute as eligible for this credit, effective for tax year 2011. Eligible “cancer research institutes” means an organization which is exempt from taxation pursuant to the Internal Revenue Code and whose primary focus is raising the standard of cancer clinical care in Oklahoma through peer-reviewed cancer research and education or a not-for-profit supporting organization, as that term is defined by the Internal Revenue Code, affiliated with a tax exempt organization whose primary focus is raising the standard of cancer clinical care in Oklahoma through peer-reviewed cancer research and education.

The tax exempt organization whose primary focus is raising the standard of cancer clinical care in Oklahoma through peer-reviewed cancer research and education shall either be an independent research institute or a program that is part of a state university which is a member of the Oklahoma State System of Higher Education, and receive at least Four Million Dollars (\$4,000,000.00) in National Cancer Institute funding each year.

Oklahoma Tax Commission data for tax year 2008 indicates that \$467,000 in credits were claimed for donations made to an Oklahoma biomedical research institute. It is anticipated that a similar level credit will be claimed by adding eligible cancer research institutes to the existing credit. The credit will be claimed on tax year 2011 income tax returns when filed in 2012. No change to withholding or estimated tax payments is anticipated; therefore, the full impact of \$467,000 should occur in FY 12.