

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: December 28, 2023

BILL NUMBER: SB 1498 **STATUS AND DATE OF BILL:** Introduced 12/18/23

AUTHORS: House: N/A Senate: Garvin

TAX TYPE(S): Income Tax **SUBJECT:** Credit

PROPOSAL: Amendatory

SB 1497 proposes to amend 68 O.S. § 2357.45, modifying the credit percentage for donations to cancer research institutes and for donations to biomedical research institutes, effective for tax year 2025 and subsequent tax years. In addition, total annual credits allowed for donations to cancer research institutes are reduced from \$1 million to \$500,000.

EFFECTIVE DATE: November 1, 2024

REVENUE IMPACT:

Dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation:

FY 25: None.

FY 26: None.

1/3/24

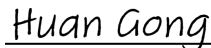


DATE

MARIE SCHUBLE, DIVISION DIRECTOR

bf

1/3/24



DATE

HUAN GONG, ECONOMIST

1/3/2024



DATE

JOE GAPPA, FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

CURRENT LAW:

Income tax credits are allowed under 68 O.S. § 2357.45 for any taxpayer who makes a donation to an independent biomedical research institute and for any taxpayer who makes a donation to a cancer research institute. The credit percentage, not to exceed 50%, is adjusted annually so the combined total estimate of credits does not exceed \$2 million. For each credit, the percentage adjustment formula is 50% of \$1 million divided by credits claimed in the preceding year for each donation. Each credit is further limited to \$1,000 for each taxpayer for each type of donation.

PROPOSED AMENDMENTS:

SB 1498 proposes to amend 68 O.S. § 2357.45, providing that the credit percentage for donations to cancer research institutes is adjusted annually so that the total estimate of credits does not exceed \$500,000, effective for tax year 2025 and subsequent tax years. The related credit adjustment formula is modified to 50% of \$500,000 divided by credits claimed in the preceding year. If total annual credits exceed \$500,000, the Oklahoma Tax Commission (OTC) will permit any excess but will factor such excess into the percentage adjustment formula for subsequent years.

In addition, for tax year 2025 and subsequent tax years, the credit percentage for donations to independent biomedical research institutes will be adjusted annually so that the total estimate of credits does not exceed \$1 million.

ANTICIPATED IMPACT:

OTC records indicate the total credit amount claimed for donations to cancer research institutes and for donations to independent biomedical research institutes for tax year 2021 totaled approximately \$98,000 and \$796,000, respectively. Assuming similar activity for tax year 2025, the proposal is not expected to have a revenue impact.