

Bill Summary
1st Session of the 57th Legislature

Bill No.:	SB 910
Version:	INT
Request No.:	1502
Author:	Sen. Rosino
Date:	01/31/2019

Bill Analysis

SB 910 provides for a deduction in the income tax beginning January 1, 2019, for an aerospace business enterprise that donates qualified tangible personal property to a public institution. Qualified property includes machinery or equipment donated to a public institution that can be used in training and instruction for employment in an aerospace business enterprise. Public institutions include the Oklahoma State System of Higher Education or any other public college or university. The deduction is based on the estimated value of the donated equipment.

Prepared by: Kalen Taylor

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 14, 2019

BILL NUMBER: SB 910 STATUS AND DATE OF BILL: Introduced 1/17/19

AUTHORS: House n/a Senate Rosino

TAX TYPE (S): Income Tax SUBJECT: Deduction

PROPOSAL: Amendatory

SB 910 proposes to amend 68 O.S. § 2358 relating to adjustments to income by allowing aerospace business enterprises a deduction for the donation of certain qualified tangible personal property to public institutions effective for tax year 2019 and subsequent tax years.

EFFECTIVE DATE: November 1, 2019

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 20: Potential Unknown Decrease in Income Tax Revenue
FY 21: Potential Unknown Decrease in Income Tax Revenue

Feb. 14, 2019
DATE

Rich Miller
DIVISION DIRECTOR

mck

2-15-2019
DATE

Huan Gong
HUAN GONG, ECONOMIST

2-15-19
DATE

[Signature]
FOR THE COMMISSION

The estimated 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.

ATTACHMENT TO REVENUE IMPACT - SB 910 [Introduced] Prepared: February 14, 2019

SB 910 proposes to amend 68 O.S. § 2358 relating to adjustments to income by allowing aerospace business enterprises a deduction for the donation of certain qualified tangible personal property to public institutions effective for tax year 2019 and subsequent tax years.

Under current law, there is no Oklahoma specific deduction to compute Oklahoma taxable income for the donation of certain qualified tangible personal property to public institutions.¹

Under this measure aerospace business enterprises² that donate qualified tangible personal property³ to a public institution⁴ would be allowed a deduction equal to the estimated value of the property donated to compute Oklahoma taxable income.

The value of machinery or equipment donated by an aerospace business enterprise to a public institution which is suitable for use in training and instruction for employment in an aerospace business enterprise is unknown. There is an unknown potential decrease in income tax revenue in FY20 and FY21.

¹ Although no specific Oklahoma deduction exists, under federal law, donations made to an institute of higher learning are deductible as a charitable contribution, but is generally limited to 10% of the corporation's taxable income.

² "Aerospace business enterprises" are private or public organizations engaged in the manufacture of aerospace or defense hardware, aerospace maintenance, aerospace repair and overhaul, supply of parts to the aerospace industry, provision of services and support relating to the aerospace industry and research and development of aerospace technology and systems.

³ "Qualified tangible personal property" is machinery or equipment donated by an aerospace business enterprise to a public institution which is suitable for use in training and instruction for employment in an aerospace business enterprise.

⁴ "Public institution" is an institution within the Oklahoma State System of Higher Education or any other public college or university that is accredited by a national accrediting body or any component of the Oklahoma Department of Career and Technology Education. This definition appears to allow for a deduction for donations made to a non-Oklahoma college or university.