

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 59th Legislature (2023)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1964

By: Newton, **Martinez**, and
Fetgatter

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9 COMMITTEE SUBSTITUTE

10 [revenue and taxation - medical research activities
11 - income tax credit - vision research institutes -
12 effective date]

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

16 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.45, is
17 amended to read as follows:

18 Section 2357.45 A. 1. For tax years beginning after December
19 31, 2004, there shall be allowed against the tax imposed by Section
20 2355 of this title, a credit for any taxpayer who makes a donation
21 to an independent biomedical research institute and for tax years
22 beginning after December 31, 2010, a credit for any taxpayer who
23 makes a donation to a cancer research institute and for tax years

1 beginning after December 31, 2023, a credit for any taxpayer who
2 makes a donation to a vision research institute.

3 2. The credit authorized by paragraph 1 of this subsection
4 shall be limited as follows:

- 5 a. for calendar year ~~2007~~ 2024 and all subsequent years,
6 the credit percentage, not to exceed fifty percent
7 (50%), shall be adjusted annually so that the total
8 estimate of the credits does not exceed ~~Two~~ Six
9 Million Dollars ~~(\$2,000,000.00)~~ (\$6,000,000.00)
10 annually. The formula to be used for the percentage
11 adjusted shall be fifty percent (50%) times ~~One~~ Two
12 Million Dollars ~~(\$1,000,000.00)~~ (\$2,000,000.00)
13 divided by the credits claimed in the preceding year
14 for each donation to an independent biomedical
15 research institute and fifty percent (50%) times ~~One~~
16 Two Million Dollars ~~(\$1,000,000.00)~~ (\$2,000,000.00)
17 divided by the credits claimed in the preceding year
18 for each donation to a cancer research institute and
19 fifty percent (50%) times Two Million Dollars
20 (\$2,000,000.00) divided by the credits claimed in the
21 preceding year for each donation to a vision research
22 institute,
- 23 b. in no event shall a taxpayer claim more than one
24 credit for a donation to any independent biomedical

1 research institute and one credit for a donation to a
2 cancer research institute and one credit for a
3 donation to a vision research institute in each
4 taxable year nor shall the credit exceed One Thousand
5 Dollars (\$1,000.00) for ~~each taxpayer for each type of~~
6 ~~donation~~ a single individual, Two Thousand Dollars
7 (\$2,000.00) for married individuals filing jointly, or
8 Fifty Thousand Dollars (\$50,000.00) for any taxpayer
9 that is a legal business entity including limited and
10 general partnerships, corporations, subchapter S
11 corporations and limited liability companies. The
12 dollar amounts for limiting the tax credits as
13 described by this subparagraph shall be applicable to
14 each type of taxpayer for each one of such tax credits
15 and shall not be a limitation on the aggregate total
16 of all such credits that may be claimed for any single
17 tax year,

18 c. for tax year 2011, no more than Fifty Thousand Dollars
19 (\$50,000.00) in total tax credits for donations to a
20 cancer research institute shall be allowed,

21 d. in no event shall more than ~~fifty percent (50%)~~ one-
22 third (1/3) of the ~~Two Six~~ Six Million Dollars
23 ~~(\$2,000,000.00)~~ (\$6,000,000.00) in total tax credits
24 authorized by this section, for any calendar year

1 after the effective date of this act, be allocated for
2 credits for donations to a cancer research institute
3 or be allocated for credits for donations to a vision
4 research institute, and

5 e. in the event the total tax credits authorized by this
6 section exceed ~~One~~ Two Million Dollars ~~(\$1,000,000.00)~~
7 (\$2,000,000.00) in any calendar year for either a
8 vision research institute or a cancer research
9 institute or an independent biomedical research
10 institute, the Oklahoma Tax Commission shall permit
11 any excess over ~~One~~ Two Million Dollars
12 ~~(\$1,000,000.00)~~ (\$2,000,000.00) but shall factor such
13 excess into the percentage adjustment formula for
14 subsequent years for that type of donation. However,
15 any such adjustment to the formula for donations to an
16 independent biomedical research institute shall not
17 affect the formula for donations to a cancer research
18 institute or a vision research institute, and any such
19 adjustment to the formula for donations to a cancer
20 research institute shall not affect the formula for
21 donations to an independent biomedical research
22 institute or a vision research institute, and any such
23 adjustment to the formula for donations to a vision
24 research institute shall not affect the formula for

1 donations to an independent biomedical research
2 institute or a cancer research institute.

3 3. For purposes of this section, "independent biomedical
4 research institute" means an Oklahoma organization which is exempt
5 from taxation pursuant to the provisions of Section 501(c)(3) of the
6 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) whose primary
7 focus is conducting peer-reviewed basic biomedical research. The
8 organization shall:

- 9 a. have a board of directors,
- 10 b. be able to accept grants in its own name,
- 11 c. be an identifiable institute that has its own
12 employees and administrative staff, and
- 13 d. receive at least Fifteen Million Dollars
14 (\$15,000,000.00) in National ~~Institute~~ Institutes of
15 Health funding each year.

16 4. For purposes of this section, "cancer research institute"
17 means an organization which is exempt from taxation pursuant to the
18 Internal Revenue Code and whose primary focus is raising the
19 standard of cancer clinical care in Oklahoma through peer-reviewed
20 cancer research and education or a not-for-profit supporting
21 organization, as that term is defined by the Internal Revenue Code,
22 affiliated with a tax-exempt organization whose primary focus is
23 raising the standard of cancer clinical care in Oklahoma through
24 peer-reviewed cancer research and education. The tax-exempt

1 organization whose primary focus is raising the standard of cancer
2 clinical care in Oklahoma through peer-reviewed cancer research and
3 education shall:

4 a. either be an independent research institute or a
5 program that is part of a state university which is a
6 member of The Oklahoma State System of Higher
7 Education, and

8 b. receive at least Four Million Dollars (\$4,000,000.00)
9 in National Cancer Institute funding each year.

10 5. For purposes of this section, "vision research institute"
11 means an organization which is exempt from taxation pursuant to the
12 Internal Revenue Code with a focus on raising the standard of
13 clinical vision care in Oklahoma through peer-reviewed vision
14 research and education or a not-for-profit supporting organization,
15 as that term is defined by the Internal Revenue Code, affiliated
16 with a tax-exempt organization with a focus on raising the standard
17 of clinical vision care in Oklahoma through peer-reviewed vision
18 research and education. The tax-exempt organization with a focus on
19 raising the standard of clinical vision care in Oklahoma through
20 peer-reviewed vision research and education shall:

21 a. either be an independent research institute or an
22 organization that is affiliated with a state
23 university which is a member of The Oklahoma State
24 System of Higher Education,

- 1 b. have a board of directors,
2 c. be able to accept donations in its own name or the
3 name of its supporting organization,
4 d. be an identifiable institute that has its own
5 employees and administrative staff, and
6 e. be involved in the conduct of research funded by the
7 National Institutes of Health at a minimum level of
8 Two Million Dollars (\$2,000,000.00) each year.

9 B. In no event shall the amount of the credit exceed the amount
10 of any tax liability of the taxpayer.

11 C. Any credits allowed but not used in any tax year may be
12 carried over, in order, to each of the four (4) years following the
13 year of qualification.

14 D. The Tax Commission shall have the authority to prescribe
15 forms for purposes of claiming the credit authorized by this
16 section.

17 SECTION 2. This act shall become effective November 1, 2023.

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19 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
20 03/02/2023 - DO PASS, As Amended and Coauthored.