

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	HB 1160
Version:	FULLAMD1
Request Number:	NA
Author:	Rep. Worthen
Date:	2/27/2019
Impact:	Tax Commission: Changes Effective Tax Year Unknown Change to Impact

Research Analysis

Amendment 1 to HB1160 extend the start date for the proposed tax credit for education expenses from tax year 2019 to tax year 2021. The amendment also clarifies that the credit is for expenses incurred for any family with a child.

HB1160 with the proposed amendment provides an education expenses tax credit for any taxpayer that incurs qualified expenses for a child dependent. The credit may claimed beginning tax year 2021 and is up to \$2500 per eligible child for education expenses such as:

- Tuition and fees for concurrent enrollment;
- Tuition and other instructional fees charged by a qualified school;
- Costs associated with activities at a qualified school, which can be fees, clothing and equipment requires to participate in athletic teams, musical groups, clubs or similar school activities;
- Tuition and other instructional fees charges for tutoring, private instruction or remedial education services;
- Costs associated with the provision of instruction by other means such as computer equipment, software, online instruction, cooperative educational programs, textbooks, workbooks, curricula and other written materials used primarily for academic instruction; and
- Costs associated with activities for a child that is homeschooled;

To claim the credit, a taxpayer may be required by the Oklahoma Tax Commission to submit receipts and other financial documents to confirm the amount of allowable credit. OTC is also directed to monitor the total amount of credits claimed and report usage to the cabinet secretary with applicable authority. The cabinet secretary with applicable authority is then required to present a report to the chair of the House and Senate budget committees on the projected usage for the credit for the current and future tax years.

Prepared By: Quyen Do

Fiscal Analysis

From the Tax Commission:

HB 1160 proposes to enact a new income tax credit of \$2,500 for educational expenses incurred on behalf of a child who is eligible to be enrolled in a public school.

The Committee Amendment (FULLAMD1 Rande Worthen-MAH) for HB 1160 makes the proposed tax credit effective for tax year 2021 rather than 2019 as provided for in the Introduced version and limits the \$2,500 credit *per family* as opposed to *per child* in the Introduced version.

The impact of this measure is still an unknown decrease in state income tax revenue; however this decrease would occur in FY22 when the 2021 income tax returns are filed. See the revenue impact statement for the introduced version for the potential decrease.

Prepared By: Mark Tygret

Other Considerations

None.