Bill No.:   **SB 1080**
Version: **CS**
Request Number: **NA**
Author: **Rep. Wallace**
Date: **5/17/2021**
Impact: **Public School Investment:**

Additional Minimum of $33.3 Million
(Depending on Commitment)

Revenue Impact:
Tax Commission:

FY-22 Estimate: Unknown

Increased Credit Caps:

Granting Organizations: Increase of ($21.5 Million)
Public School: Increase of ($23.5 Million)

Administrative Cost:
Anticipated, but Unknown

Research Analysis

The proposed committee substitute to HB 2701 creates the Education and Investment for Oklahoma Act. The measure modifies the Oklahoma Equal Opportunity Education Scholarship Act by increasing the amount of the tax credit from a $1,000 to a maximum of $2,800 for single individuals and from $2,000 to a maximum of $5,600 for married individuals filing jointly. The measure allows suspended tax credits to be used the next immediate tax year. The measure requires a scholarship-granting organization and educational improvement grant organization to submit an audited financial statement to the Oklahoma Tax Commission and make the statement publically available on its website. The measure provides that if a contribution is made to an eligible educational improvement grant organization to benefit a school district which has less than 2,000 students enrolled on October 1 as determined by the State Department of Education, the amount of the credit shall be 100% of the amount contributed to an eligible educational improvement grant organization, but shall be subject to the maximum credit amounts based on filing status. If the taxpayer preserves either an electronic file or record created by the State Department of Education or produces a document by printing information contained in an electronic data file originally created by the State Department of Education, the information shall be conclusive with respect to the student enrollment number for purposes of claiming the tax credit. If total credits claimed exceed the cap amount, the credit shall be equal to the taxpayer's proportionate share of the cap for the taxable year. The measure provides that after the effective date of the act, there is to be allowed a credit for any taxpayer who makes a contribution to an

Fiscal Analysis

Public School Investment:

Assuming investments in schools are made to the stated cap provided in the measure, significant increases in public school investment would be realized. The amount of added investment will be a result of the nature of commitments by participating taxpayers. Based on the cap, additional public school investment would increase by a range between $23,125,000 and $27,500,000.

Revenue Impact:

Analysis provided by the Tax Commission:

The cap for contributions to an eligible scholarship-granting organization is increased by $21.5 million to $25.0 million (plus suspended credits) for tax year 2022. Prior analysis by the Tax Commission indicated the contributions to eligible scholarship-granting organizations are more likely to reach a higher cap. The Commission has indicated that an estimate of direct revenue decrease for FY-22 is unknown.

The credit cap for donations and investment to public schools is increased to $25 million from the current $3.5 million, an increase of $21.5 million.

The estimated revenue impact resulting from the provisions of the measure are unknown, as reported by the Tax Commission. In years beyond FY-23 the impact of credits claomed is dpeendent on the amount of credits earned for donation to scholarship granting organizations and to public schools.

Administrative

The Tax Commission has indicated the provisions of the measure may include certain administrative requirements related to monitoring and reporting. An administrative estimate affecting operations of the Commission remains under review.

Prepared By: Mark Tygret

Other Considerations

None.