

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 971

6 By: Bullard and Hamilton

7 COMMITTEE SUBSTITUTE

8 An Act relating to income tax credit; providing
9 credit for certain educational choice expenses and
10 qualifying educational expenses of dependents;
11 providing qualifications for certain credit; limiting
12 amount of credit claimed; making credit refundable
13 under certain circumstance; prohibiting itemized
14 deductions of expenses claimed as credit; defining
15 terms; authorizing Oklahoma Tax Commission to require
16 certain documentation; requiring promulgation of
17 rules; prohibiting requirement that certain schools
18 or organizations provide documents; providing for
19 codification; and providing an effective date.

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

21 SECTION 1. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 2357.43A of Title 68, unless
23 there is created a duplication in numbering, reads as follows:

24 A. For tax year 2024 and subsequent tax years, there shall be
allowed for any taxpayer a credit against the tax imposed by Section
2355 of Title 68 of the Oklahoma Statutes for educational choice
expenses incurred during the tax year for taxpayers with a child
who:

1 1. Is eligible to be enrolled in a public school in this state;

2 2. Qualifies as the taxpayer's dependent for federal tax
3 purposes; and

4 3. Is enrolled in a private school, or private educational
5 program that can be used to satisfy the state's compulsory school
6 attendance requirements that is not affiliated with the student's
7 resident district, as determined by Section 1-113 of Title 70 of the
8 Oklahoma Statutes.

9 B. For tax year 2024 and subsequent tax years, there shall be
10 allowed a credit against the tax imposed by Section 2355 of Title 68
11 of the Oklahoma Statutes for qualifying educational expenses
12 incurred during the tax year for any taxpayer that has a child who
13 qualifies as the taxpayer's dependent for federal tax purposes, is
14 eligible to be enrolled in a public school in this state, and is a
15 student being educated by other means, as provided in subsection A
16 of Section 10-105 of Title 70 of the Oklahoma Statutes.

17 C. The maximum tax credit allowable for each taxable year, as
18 provided for in subsections A and B of this subsection, shall be
19 Three Thousand Five Hundred Dollars (\$3,500.00) for each qualifying
20 dependent. If the credit provided for in subsection B and this
21 subsection exceeds the tax imposed by Section 2355 of Title 68 of
22 the Oklahoma Statutes and the taxpayer qualifies for the Oklahoma
23 Earned Income Tax Credit pursuant to Section 2357.43 of Title 68 of

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1 the Oklahoma Statutes, the excess amount shall be refunded to the
2 taxpayer.

3 D. Amounts claimed under subsections A and B of this section
4 shall not be itemized as deductions for the same tax year when
5 computing Oklahoma taxable income.

6 E. As used in this section:

7 1. "Academic instruction" means instruction in reading,
8 writing, mathematics, science, history, art, music, geography,
9 civics, economics, literature, philosophy, religion, foreign
10 languages, and related subjects;

11 2. "Educational choice expenses" means tuition and fees for
12 enrollment of the child in a school or a private educational program
13 not affiliated with the public school district in which the
14 taxpayer's primary residence is located; and

15 3. "Qualifying educational expenses" include:

16 a. costs associated with activities at a school including
17 the cost of fees, clothing, and equipment required to
18 participate in athletic teams, musical groups, clubs,
19 or similar school activities for a student being
20 educated by other means, as provided in subsection A
21 of Section 10-105 of Title 70 of the Oklahoma
22 Statutes, in prekindergarten through grade twelve
23 directed by the parent or guardian, and
24

1 b. costs associated with the provision of instruction by
2 other means in prekindergarten through grade twelve
3 directed by the parent or guardian including the cost
4 of computer equipment, software, online instruction,
5 cooperative educational programs, textbooks,
6 workbooks, curricula, and other written materials used
7 primarily for academic instruction.

8 F. The Oklahoma Tax Commission may require the taxpayer to
9 submit with the tax return copies of receipts or similar financial
10 documentation as may be necessary to confirm the taxpayer's
11 statement of the allowable credit provided in subsections A and B of
12 this section.

13 G. The Tax Commission shall promulgate rules and develop tax
14 forms, directions, and worksheets as necessary to effectuate the
15 provisions of this section. The rules shall modify the state tax
16 forms, directions, and worksheets to provide a reasonably convenient
17 way for taxpayers to claim a credit.

18 H. The Tax Commission shall not require any school or other
19 organization to provide documentation or otherwise act to verify
20 claims for a credit provided in subsections A and B of this section.

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

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