

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   2nd Session of the 59th Legislature (2024)

4 HOUSE BILL 3387

                                  By: McCall

7                                   AS INTRODUCED

8                   An Act relating to schools; amending Section 2,  
9                   Chapter 278, O.S.L. 2023 (70 O.S. Supp. 2023, Section  
10                  28-101), which relates to the Oklahoma Parental  
11                  Choice Tax Credit Act; exempting certain eligible  
                  taxpayers from providing additional income  
                  verification; providing an effective date; and  
                  declaring an emergency.

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

15           SECTION 1.        AMENDATORY        Section 2, Chapter 278, O.S.L.  
16           2023 (70 O.S. Supp. 2023, Section 28-101), is amended to read as  
17           follows:

18           Section 28-101. A. As used in the Oklahoma Parental Choice Tax  
19           Credit Act:

- 20           1. "Commission" means the Oklahoma Tax Commission;
- 21           2. "Curriculum" means a complete course of study for a  
22           particular content area or grade level;
- 23           3. "Department" means the State Department of Education;

1       4. "Education service provider" means a person, business,  
2 public school district, public charter school, magnet school, or  
3 organization that provides educational goods and/or services to  
4 eligible students;

5       5. "Eligible student" means a resident of this state who is  
6 eligible to enroll in a public school in this state. Eligible  
7 student shall include a student who is enrolled in and attends a  
8 private school accredited by the State Board of Education or another  
9 accrediting association or a student who is educated pursuant to the  
10 other means of education exception provided for in subsection A of  
11 Section 10-105 of Title 70 of the Oklahoma Statutes;

12       6. "Qualified expense" for the purpose of claiming the credit  
13 authorized by subparagraph a of paragraph 1 of subsection C of this  
14 section means tuition and fees at a private school accredited by the  
15 State Board of Education or another accrediting association;

16       7. "Qualified expense" for the purpose of claiming the credit  
17 authorized by subparagraph b of paragraph 1 of subsection C of this  
18 section means the following expenditures:

- 19           a. tuition and fees for nonpublic online learning  
20                programs,
- 21           b. academic tutoring services provided by an individual  
22                or a private academic tutoring facility,
- 23           c. textbooks, curriculum, or other instructional  
24                materials including, but not limited to, supplemental

1 materials or associated online instruction required by  
2 an education service provider, and

3 d. fees for nationally standardized assessments  
4 including, but not limited to, assessments used to  
5 determine college admission and advanced placement  
6 examinations as well as tuition and fees for tutoring  
7 or preparatory courses for the assessments; and

8 8. "Taxpayer" means a biological or adoptive parent,  
9 grandparent, aunt, uncle, legal guardian, custodian, or other person  
10 with legal authority to act on behalf of an eligible student.

11 B. There is hereby created the Oklahoma Parental Choice Tax  
12 Credit Program to provide an income tax credit to a taxpayer for  
13 qualified expenses to support the education of eligible students in  
14 this state.

15 C. For the tax year 2024 and subsequent tax years, there shall  
16 be allowed against the tax imposed by Section 2355 of Title 68 of  
17 the Oklahoma Statutes a credit for any Oklahoma taxpayer who incurs  
18 a qualified expense on behalf of an eligible student, to be  
19 administered subject to the following amounts for each tax year:

20 1. If the eligible student attends a private school accredited  
21 by the State Board of Education or another accrediting association,  
22 the maximum credit amount shall be:

23 a. (1) Seven Thousand Five Hundred Dollars (\$7,500.00)

24 or the amount of tuition and fees for the private

1 school, whichever is less, if the eligible  
2 student is a member of a household in which the  
3 total adjusted gross income during the second  
4 preceding tax year does not exceed Seventy-five  
5 Thousand Dollars (\$75,000.00),

6 (2) Seven Thousand Dollars (\$7,000.00) or the amount  
7 of tuition and fees for the private school,  
8 whichever is less, if the eligible student is a  
9 member of a household in which the total adjusted  
10 gross income during the second preceding tax year  
11 is more than Seventy-five Thousand Dollars  
12 (\$75,000.00) but does not exceed One Hundred  
13 Fifty Thousand Dollars (\$150,000.00),

14 (3) Six Thousand Five Hundred Dollars (\$6,500.00) or  
15 the amount of tuition and fees for the private  
16 school, whichever is less, if the eligible  
17 student is a member of a household in which the  
18 total adjusted gross income during the second  
19 preceding tax year is more than One Hundred Fifty  
20 Thousand Dollars (\$150,000.00) but does not  
21 exceed Two Hundred Twenty-five Thousand Dollars  
22 (\$225,000.00),

23 (4) Six Thousand Dollars (\$6,000.00) or the amount of  
24 tuition and fees for the private school,

1                   whichever is less, if the eligible student is a  
2                   member of a household in which the total adjusted  
3                   gross income during the second preceding tax year  
4                   is more than Two Hundred Twenty-five Thousand  
5                   Dollars (\$225,000.00) but does not exceed Two  
6                   Hundred Fifty Thousand Dollars (\$250,000.00), or  
7                   (5) Five Thousand Dollars (\$5,000.00) or the amount  
8                   of tuition and fees for the private school,  
9                   whichever is less, if the eligible student is a  
10                  member of a household in which the total adjusted  
11                  gross income during the second preceding tax year  
12                  is more than Two Hundred Fifty Thousand Dollars  
13                  (\$250,000.00), and

14                  b.    One Thousand Dollars (\$1,000.00) in qualified expenses  
15                  per eligible student in each tax year if the eligible  
16                  student is educated pursuant to the other means of  
17                  education exception provided for in subsection A of  
18                  Section 10-105 of Title 70 of the Oklahoma Statutes.  
19                  To claim the credit, the taxpayer shall submit to the  
20                  Commission receipts for qualified expenses as defined  
21                  by paragraph 7 of subsection A of this section;

22                  2.    The taxpayer shall retain all receipts of qualified expenses  
23                  as proof of the amounts paid each tax year the credit is claimed and  
24                  shall submit them to the Commission upon request; and

1           3. If the credit exceeds the tax imposed by Section 2355 of  
2 Title 68 of the Oklahoma Statutes, the excess amount shall be  
3 refunded to the taxpayer.

4           D. 1. a. For tax year 2024, the total amount of credits  
5                   authorized by subparagraph a of paragraph 1 of  
6                   subsection C of this section shall not exceed One  
7                   Hundred Fifty Million Dollars (\$150,000,000.00).

8           b. For tax year 2025, the total amount of credits  
9                   authorized by subparagraph a of paragraph 1 of  
10                  subsection C of this section shall not exceed Two  
11                  Hundred Million Dollars (\$200,000,000.00).

12          c. For tax year 2026, and subsequent tax years, the total  
13                  amount of credits authorized by subparagraph a of  
14                  paragraph 1 of subsection C of this section shall not  
15                  exceed Two Hundred Fifty Million Dollars  
16                  (\$250,000,000.00).

17          2. For tax year 2025, and subsequent tax years, the total  
18                  amount of credits authorized by subparagraph b of paragraph 1 of  
19                  subsection C of this section shall not exceed Five Million Dollars  
20                  (\$5,000,000.00).

21          E. The Commission shall prescribe applications for the purposes  
22                  of claiming the credits authorized by the Oklahoma Parental Choice  
23                  Tax Credit Act and a deadline by which applications shall be  
24                  submitted. A taxpayer claiming the credit authorized by

1 subparagraph a of paragraph 1 of subsection C of this section shall  
2 submit an application prescribed by the Commission to receive the  
3 credit in two installments, each of which shall be half of the  
4 expected amount of tuition and fees for the private school based on  
5 the affidavit submitted pursuant to this subsection, but in no event  
6 shall an installment payment exceed half the amount of the credit  
7 authorized by subparagraph a of paragraph 1 of subsection C of this  
8 section. A taxpayer claiming the credit authorized by subparagraph  
9 a of paragraph 1 of subsection C of this section shall submit to the  
10 Commission an affidavit from the private school in which the  
11 eligible student is enrolled or is expected to enroll with the  
12 tuition and fees to be charged the taxpayer for the applicable  
13 school year. In reviewing applications submitted by eligible  
14 taxpayers to determine whether they qualify for a credit authorized  
15 by subparagraph a of paragraph 1 of subsection C of this section,  
16 the Commission shall give first preference in making installments to  
17 taxpayers who qualify pursuant to divisions (1) and (2) of  
18 subparagraph a of paragraph 1 of subsection C of this section. If  
19 an eligible taxpayer provides documentation on the application that  
20 he or she is a recipient of income-based government benefits  
21 including the Supplemental Nutrition Assistance Program (SNAP),  
22 Temporary Assistance for Needy Families (TANF), or SoonerCare, the  
23 eligible taxpayer shall not be required to provide additional income  
24 verification. The Commission shall make the installments based on

1 the expected amount of tuition and fee amounts on the affidavit  
2 submitted pursuant to this subsection.

3 F. Taxpayers claiming the credit shall:

4 1. Only claim the credit for qualified expenses as defined in  
5 paragraphs 6 and 7 of subsection A of this section to provide an  
6 education for an eligible student;

7 2. Ensure no other person is claiming a credit for the eligible  
8 student;

9 3. Not claim the credit for an eligible student who enrolls as  
10 a full-time student in a public school district, public charter  
11 school, public virtual charter school, or magnet school; and

12 4. Comply with rules and requirements established by the  
13 Commission for administration of the Oklahoma Parental Choice Tax  
14 Credit Program.

15 G. Eligible students may accept a scholarship from the Lindsey  
16 Nicole Henry Scholarships for Students with Disabilities Program  
17 created by Section 13-101.2 of Title 70 of the Oklahoma Statutes  
18 while participating in the Oklahoma Parental Choice Tax Credit  
19 Program.

20 H. 1. The Commission shall have the authority to conduct an  
21 audit or contract for the auditing of receipts for qualified  
22 expenses submitted pursuant to subparagraph b of paragraph 1 of  
23 subsection C of this section.

24

1           2. The Commission shall be authorized to recapture the credits  
2 otherwise authorized by the provisions of this act on a prorated  
3 basis if an audit conducted pursuant to this subsection shows that  
4 the credit was claimed for expenditures that were not qualified  
5 expenses or it finds that the taxpayer has claimed an eligible  
6 student who no longer attends a private school or has enrolled in a  
7 public school in the state.

8           I. In the event of a failure of revenue pursuant to the  
9 Oklahoma State Finance Act, the tax credits otherwise authorized in  
10 subsection C of this section shall be reduced proportionately to the  
11 reduction in the amount of money appropriated to the State Board of  
12 Education for the financial support of public schools for the fiscal  
13 year in which the failure of revenue occurs.

14           J. The Commission shall make available on its website the  
15 amount of credits claimed each tax year pursuant to subparagraphs a  
16 and b of paragraph 1 of subsection C of this section.

17           SECTION 2. This act shall become effective July 1, 2024.

18           SECTION 3. It being immediately necessary for the preservation  
19 of the public peace, health or safety, an emergency is hereby  
20 declared to exist, by reason whereof this act shall take effect and  
21 be in full force from and after its passage and approval.

22  
23 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 02/13/2024 - DO PASS.

24