

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	HB 1934
Version:	SAHB
Request Number:	NA
Author:	Speaker McCall/ PPT Treat
Date:	5/2/2023
Impact:	see analysis below

Research Analysis

The Engrossed Senate Amendment to HB 1934 creates the Oklahoma Parental Choice Tax Credit Act. The measure establishes a tiered system of tax credits for parents or guardians who send their children to accredited private schools. The tax credit tiers are based on a household's total adjust gross income during the second preceding tax year. The credits are distributed per-student, per-year. If the tuition and fees are less than the maximum tax credit amount, the credit shall be limited to the cost of tuition and fees.

The tiers are as follows:

- For a household income less than \$75,000, a parent may receive up to a \$7,500 credit.
- For a household income between \$75,000 - \$150,000, a parent may receive up to a \$7,000 credit.
- For a household income between \$150,000 - \$225,000, a parent may receive up to a \$6,500 credit.
- For a household income between \$225,000-\$250,000, a parent may receive up to a \$6,000 credit.
- For a household income exceeding \$250,000, a parent may receive up to a \$5,000 credit.

The measure also establishes a \$1,000 per-student income tax credit for qualified expenses related to homeschooling. A taxpayer claiming this credit must submit receipts to the Oklahoma Tax Commission.

Qualified expense includes:

- Tuition and fees for nonpublic online learning programs;
- Academic tutoring services;
- Instructional materials;
- Fees for nationally standardized assessments

Students participating in the Tax Credit Program may accept scholarships from the Lindsey Nicole Henry Scholarship Program.

The measure also caps the total amount of credits that may be claimed each year.

- Total tax credits for homeschooling expenses are capped at \$5 million per year.
- For tax year 2024, credits for private school expenses are capped at \$150 million.
- For tax year 2025, credits for private school expenses are capped at \$200 million.

- For tax year 2026 and subsequent tax years, credits for private school expenses are capped at \$250 million.

Lastly, the Tax Commission will establish an application process. A taxpayer must submit an application by a deadline set by the Commission. Private school tax credits will only be provided through up-front installment payments. The taxpayer must also submit an affidavit from the private school the student is enrolled in, listing the school’s tuition and fees for the applicable school year. Each installment payment will be half of the expected amount of private school tuition and fees or half the max credit amount, whichever is less. In reviewing applications for eligibility, the Commission will give preference to those who claim credits and have a household income of less than \$150,000. The Commission may recapture any credits if it finds the expenses or the student did not properly qualify.

Prepared By: Emily Byrne

Fiscal Analysis

Senate Amendments to HB 1934 create the Oklahoma Parental Choice Tax Credit Act, the Act provides the following Tax Credit structure:

Income Bracket	Tax Credit	Annual Cap		
		2024	2025	2026→
\$0-\$75,000	\$7,500	\$150,000,000	\$200,000,000	\$250,000,000
\$75,000-\$150,000	\$7,000			
\$150,000-\$225,000	\$6,500			
\$225,000-\$250,000	\$6,000			
\$250,000+	\$5,000			

EDUCATED BY OTHER MEANS	
Income Bracket	Tax Credit
None	\$1,000

Annual Cap
2025→
\$5,000,000

The measure requires the Oklahoma Tax Commission to implement the Act in a manner that caps the fiscal impact at the amounts listed above. Such caps should represent the maximum potential revenue loss for the state should their be adequate demand for the program. OTC has not provided a specific cost estimate for expected annual utilization. The measure is anticipated to reduce available state revenues in 2024 of approximately \$150 Million.

Prepared By: John McPhetridge, House Fiscal Staff

Other Considerations

None.

