

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 3388</b>
<b>Version:</b>	<b>SAHB</b>
<b>Request Number:</b>	
<b>Author:</b>	<b>Speaker McCall</b>
<b>Date:</b>	<b>5/1/2024</b>
<b>Impact:</b>	<b>No Impact</b>

**Research Analysis**

The senate amendments to HB3388 differ to the engrossed version of HB3388 as follows:

- amends the tax code to ensure that credits received cannot be used to offset or pay delinquent tax liabilities and other debts;
- amends the definition of *qualified expense* to exclude tuition and fees paid with a scholarship or any tuition and fees that are discounted by the school;
- amends the income criteria to be based on the combined adjusted gross income of the parents or legal guardians of the student rather than the household income;
- amends the qualifications to be considered a school that serves financially disadvantaged students. This is defined as 90 percent of enrolled students with a gross family income that is 250 percent of the federal poverty threshold or below;
- modifies additional administrative procedures to realign the tax credit cap and application period with the fiscal year;
- changes the application period start date from January 15 to February 15 for the 2025-2026 school year and subsequent years;
- prohibits the OTC from requiring any taxpayer that received the credit in the fall of 2024 to reapply in the spring of 2025 and requires the credit amount for spring of 2025 to be based on the amount issued for the fall of 2024;
- removes those who received the credit in the prior year above a certain income as well as siblings of students the received the credit in the prior year from the priority consideration list to receive credits if the tax credit cap is exceeded;
- removes the prohibition on the OTC issuing 1099 forms;
- clarifies that applications must be approved within 30 days of the closure of the application period; and
- establishes monthly requiring requirement for the OTC regarding the number of credits claimed and students receiving funds.

As amended, HB3388:

- exempts payments received pursuant to the PCTC from being used to offset or pay delinquent tax liabilities, penalties or interest or intercepted by any entity seeking to collect a debt, court fine or court-ordered judgement;
- exempts PCTC payments from taxable income effective tax year 2024;
- clarifies that students that are expected to enroll in a private school are eligible for the credit;

amends the definition of *qualified expense* to exclude tuition and fees paid with a **Fiscal Analysis**

As written, the measure is not anticipated to result in a additional fiscal impact on the state budget or appropriations.

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**Other Considerations**

None.

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