

Bill Summary
1st Session of the 59th Legislature

Bill No.:	HB 1934
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Author:	Sen. Treat
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Bill Analysis

HB 1934 creates the Oklahoma Parental Choice Tax Credit Act and provides legislative intent. The measure creates an income tax credit for qualified expenses related to private school tuition and fees equal to the following:

- 1) A maximum \$7,500 credit if the adjusted gross income (AGI) of the eligible student's household for the second preceding tax year was less than \$75,000,
- 2) A max \$7,000 credit if the AGI of the eligible student's household for the second preceding tax year was more than \$75,000 but less than \$150,000,
- 3) A max \$6,500 credit if the AGI of the eligible student's household for the second preceding tax year was more than \$150,000 but less than \$225,000,
- 4) A max \$6,000 credit if the AGI of the eligible student's household for the second preceding tax year was more than \$225,000 but less than \$250,000,
- 5) A max \$5,000 credit if the AGI of the eligible student's household for the second preceding tax year was more than \$250,000.

The amount of the tax credit shall be equal to the private school tuition and fees or the maximum credit allowed according to the AGI of the eligible student's household, whichever is less. The bill also establishes a \$1,000.00 per-student income tax credit for qualified expenses related to homeschooling. A taxpayer claiming this credit must submit receipts to the Oklahoma Tax Commission. The measure authorizes students participating in the newly created Oklahoma Parental Choice Tax Credit Program to accept scholarships from the Lindsey Nicole Henry Scholarships for Students with Disabilities Program.

The bill also establishes caps on the amount of total credits that may be claimed. The total amount of tax credits claimed for private school tuition and fees shall not exceed \$150 for tax year 2025, \$200 million for tax year 2026, and \$250 million for tax year 2027 and subsequent tax years. The measure caps the total amount of credit claimed for homeschooling expenses at \$5 million per year.

The bill directs the Tax Commission to establish a process for applying for private school tax credits in order to receive installment payments:

- 1) A taxpayer must submit an application by a deadline set by the OTC. Private school tax credits will only be provided through up-front installment payments.

- 2) The taxpayer must also submit an affidavit from the private school the student is enrolled in or will enroll in listing the school's tuition and fees for the applicable school year.
- 3) 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.
- 4) In reviewing applications for eligibility, the OTC will give preference to those who claim credits and have a household income of less than \$150,000.

The measure provides that no liability shall arise on the part of the Oklahoma Tax Commission, State Department of Education, State Board of Education, the state, a public school district, a public charter school, a public virtual charter school, or a magnet school based on the award of or use of a tax credit. In the event the measure is challenged in court, the measure authorizes taxpayers to intervene for the purposes of defending the Oklahoma Parental Choice Tax Credit Program's constitutionality, though the court may require that all taxpayers file a joint brief. The Commission shall also publish on its website the total amount of credits claimed in each year. The Commission is authorized to conduct an audit or contract for the auditing of receipts for qualified expenses.

The measure directs the State Department of Education to provide parents, legal guardians, custodians, or other persons with legal authority of eligible students with disabilities notice that participation in the Oklahoma Parental Choice Tax Credit Program shall have the same effect as a parental revocation of consent. The Department is also directed to create a user-friendly website for users to publicly rate, review, and share information about education service providers.

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