

# MEMO

Tax Policy and Research Division



**OKLAHOMA**  
Tax Commission

DATE: April 5, 2024

TO: Fiscal Staff

FROM: Marie Schuble, Director of Tax Policy & Research *MS*

SUBJECT: Committee Amendment for CS for Engrossed HB 3388 [Treat-QD-CAI-HB3388 4/5/2024 12:44 PM]

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**Proposal:** The Committee Amendment proposes to amend the Committee Substitute (Request #3675) for House Bill No. 3388, by deleting the words "The Commission shall not issue a Form 1099 to any taxpayer."

**Impact:** No impact to State revenue is expected as a result of the proposed Committee Amendment.

**Proposal:** The CS for HB 3388 (Draft Req. No. 3675) proposes to amend 68 O.S. § 205.2 to exclude payments pursuant to the Parental Choice Tax Credit (PCTC) Act from being used to offset certain liabilities.

**Impact:** An unknown negative impact may be expected if PCTC payments are not allowed as offsets against delinquent tax liabilities, accrued penalty or interest from the failure to file a report or return, accrued penalty or interest from the failure to pay a state tax within the statutory period allowed for its payment, and tax liabilities of the taxpayer from any prior tax year,

**Proposal:** The CS for HB 3388 (Draft Req. No. 3675) proposes to amend 68 O.S. § 2358 to allow an exemption for PCTC payments from taxable income, effective for tax year 2024 and subsequent tax years.

**Impact:** Assuming the maximum \$150 million in credits are authorized for tax year 2024, an estimated increase of \$4.65 million in income tax revenue could potentially result. Assuming tax credit payments are considered taxable income, exempting the PCTC payments from taxable income would create an estimated decrease in income tax revenues of approximately the same amount, resulting in a minimal decrease in income tax revenue.