

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB1092
Version:	PCS1
Request Number:	12551
Author:	Rep. Eaves
Date:	2/24/2025
Impact:	Unknown

Research Analysis

The proposed committee substitute for HB1092 creates the Oklahoma Trade School Tuition Tax Credit beginning tax year 2026. Eligible taxpayers may claim a tax credit equal to \$7500 or the amount of costs incurred for tuition and fees, whichever is less, upon receiving a certification from a qualified trade or vocational school in Oklahoma. The credit may only be claimed once and must be done within three years of receiving the certification.

Any individual that received a post-secondary tuition scholarship offer by a career technology center for students living within the boundaries of the technology school district is prohibited from claiming the credit.

Prepared By: Quyen Do

Fiscal Analysis

This measure creates a tax credit for those attending Oklahoma Career Tech's for certain programs. Below is the analysis from the Oklahoma Tax Commission. Currently, the revenue impact is unknown.

ESTIMATED REVENUE IMPACT:

FY26: Unknown decrease in income tax collections.

FY27: Unknown decrease in income tax collections.

ANALYSIS: The Proposed Committee Substitute (PCS) for House Bill 1092 (Req. No. 12551) creates a non-refundable income tax credit for taxpayers who complete a certification program at a qualified trade or vocational school in Oklahoma, covering fields such as HVAC, plumbing, automotive mechanics, electrical work, carpentry, welding, and construction. The credit is the lesser of \$7,500 or the actual tuition and fees paid and must be claimed within three years of certification. Additionally, taxpayers who received post-secondary tuition scholarships from an Oklahoma career technology Center for students living within the boundaries of the technology school districts are not eligible for the credit (Commonly referred to as Career Tech Scholarships). Unlike the introduced bill, the PCS allows any unused credit to be carried forward for up to three years and limits eligibility to a one-time claim per taxpayer.

Compared to HB 1092 (as introduced), the PCS introduces several key restrictions to limit the fiscal impact. First, the credit amount is now capped at actual tuition and feesⁱ, whereas the original bill provided a flat \$7,500 credit regardless of cost. Second, taxpayers who received Career Tech Scholarship are excluded from eligibility. Third, the PCS adds a carryover provision that allows unused credits to be applied over three years, potentially spreading out the fiscal impact. Lastly, the PCS restricts the credit to a one-time claim per taxpayer, preventing multiple claims for different certifications.

The total revenue impact remains unknown, as it is unclear how many taxpayers will both qualify for and claim the credit. While demand for skilled trades is expected to increase, many positions are filled through apprenticeships that do not require formal school enrollment, and some workers may already possess necessary skills without completing a certification program. Additionally, the exclusion of Career Tech scholarship recipients could further reduce the number of eligible claimants. Given these factors, an unknown decrease in income tax collections is anticipated, with reductions potentially beginning in FY26 due to changes in withholding and estimated tax payments.

ADMINISTRATIVE CONCERNS: If trade or vocational schools include required books as part of tuition and fees, those costs may qualify for this credit. However, if books are billed separately, they would not be eligible. Under federal tax law, certain education tax benefits (e.g., the American Opportunity Tax Credit) often classify required books as qualified education expenses, but only if they are purchased directly from the institution as a condition of enrollment.

ⁱ The average tuition and fees for public trade schools in Oklahoma typically range from \$3,500 to \$6,000, while the cost of books and materials averages between \$500 and \$1,000. For private trade schools, tuition and fees generally range from \$9,500 to \$18,000, with books and materials costing an additional \$500 to \$1,000 on average. However, several factors influence the actual cost. For example, a school's location plays a significant role in determining expenses. Schools in urban areas, situated near companies, businesses, and industries, tend to be more expensive than those in rural areas. "Oklahoma Trade Schools." Top Trade Schools. <https://toptradeschools.com/states/oklahoma/>. Accessed February 19, 2025.

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Other Considerations

None.

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