

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB 1760
Version:	FA3
Request Number:	
Author:	Rep. Kerbs
Date:	3/27/2025
Impact:	See Analysis Below

Research Analysis

The third Floor Amendment to HB 1760 clarifies that the cap on tax credits for contributions to higher education institution funds is separate from other Equal Opportunity Scholarship tax credit caps.

Prepared By: Emily Byrne

Fiscal Analysis

In its current form, HB 1760 proposes to allow an income tax credit for contributions made to an eligible higher education institution fund.

The floor amendment clarifies the separation between the cap on tax credits for contributions to higher education institution funds and other Equal Opportunity Scholarship tax credit caps.

The Oklahoma Tax Commission has provided the following analysis:

ESTIMATED REVENUE IMPACT:

FY26: Unknown decrease in income tax revenue.

FY27: Unknown decrease, not to exceed \$25 million, in income tax revenue.

ANALYSIS: The PSCS for HB 1760 proposes to amend 68 O.S. § 2357.206, relating to the Oklahoma Equal Opportunity Education Scholarship Act, allowing an income tax credit for contributions made to an eligible higher education institution *fund*ⁱ on or after January 1, 2026. The proposed credit amount is the same as for eligible scholarship-granting organizations and eligible educational improvement grant organizations. Any unused credits are eligible for carryforward for three years. Annual credits are capped at \$25 million overall, with individual higher education institutions limited to \$7.5 million. If total claimed credits exceed the \$7.5 million threshold in a calendar year, the Oklahoma Tax Commission will first redistribute unclaimed credits to other eligible funds and then proportionally adjust credit allocations to ensure maximum authorized credits are not surpassed.ⁱⁱ

Oklahoma has approximately 28 public colleges and universities, of which most have at least one eligible higher education institution foundation. Contributions to higher education institution foundations already occur under current law. It is unknown how much would be contributed to scholarships funds. Withholding and estimated tax payments are expected to change resulting in an unknown decrease in income tax revenue as early as FY26. A decrease in income tax collections not to exceed \$25 million is expected in FY27.

ADMINISTRATIVE CONCERNS: The language potentially limiting the credit is not consistent with how the credit is calculated. Credits are based on contributions to a fund, but the limitation is based on contributions to a foundation.ⁱⁱⁱ

ⁱ Eligible "higher education institution fund (Fund)" is a scholarship fund established at a public higher education institution that is restricted for the sole purpose of awarding scholarships to a student enrolled at such institution, who meets the total annual income limitations specified under current law for scholarship granting organizations. In order to maintain eligibility under this section, a Fund must annually report to the Tax Commission and publish on its website by September 1 of each year the name of the eligible public higher education fund and the total amount of funds distributed by the foundation from such Fund during the immediately preceding school year; a description of how the scholarship funds were utilized during the immediately preceding school year; and total number and total amount of such scholarships granted during the immediately preceding school year.

ⁱⁱ Proposed language on lines 23-24 on page 21 and lines 1-3 on page 22 is inconsistent *By January 31 of the year immediately following each calendar year, a scholarship-granting organization, an educational improvement grant organization, an eligible public school foundation, or a public school district, or an eligible higher education institution **foundation which accepts contributions pursuant to this section** shall provide electronically to the Tax Commission information on each eligible contribution accepted during such taxable year.* The date for other entities under the Act is also changed to January 31 which causes issue for taxpayers calculating the eligible credits on their tax returns. This date change also causes the OTC some concern when calculating any potential credit limits that are due February 15.

ⁱⁱⁱ Proposed language on lines 17-19 on page 8: *For contributions made on or after January 1, 2026, there shall be allowed a credit for any taxpayer who makes a contribution to an eligible higher education institution **fund**.* Proposed language on lines 1-17 on page 13 *For credits claimed for eligible contributions made during tax year 2026 and thereafter, a credit shall not be allowed by the Oklahoma Tax Commission for contributions made to an eligible higher education institution **foundation** if that foundation's percentage of funds actually awarded to eligible public higher education institution students is less than ninety percent (90%). For purposes of this section, the "percentage of funds actually awarded to eligible public higher education institution students" shall be determined by dividing the total amount of funds actually awarded for scholarships for eligible public higher education institution students to cover all or part of the tuition and fees for undergraduate courses at a public higher education institution over the most recent twenty-four (24) months by the total amount of scholarships for eligible public higher education institution students to cover all or part of the tuition and fees for undergraduate courses at a public higher education institution available to award over the most recent twenty-four (24) months.*

Prepared By: Zach Penrod, House Fiscal Staff

Other Considerations

None.