

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 SUBCOMMITTEE RECOMMENDATION
4 FOR

5 HOUSE BILL NO. 1760

6 By: Kerbs

7 SUBCOMMITTEE RECOMMENDATION

8 An Act relating to revenue and taxation; amending 68
9 O.S. 2021, Section 2357.206, as amended by Section 1,
10 Chapter 49, O.S.L. 2022 (68 O.S. Supp. 2024, Section
11 2357.206), which relates to the Oklahoma Equal
12 Opportunity Education Scholarship Act; providing tax
13 credit for contributions to certain higher education
14 institution foundations; limiting credit amount;
15 providing for reduction of credit when cap is
16 exceeded; providing credit amount upon certain
17 commitment of additional contribution; prescribing
18 allocation of credit claimed by certain entities;
19 requiring submission of audited financial statement;
20 limiting total credits claimed for tax year; limiting
21 credits claimed for tax year for contributions to
22 higher education institutions; modifying definitions;
23 defining terms; providing for allocation of unclaimed
24 credit upon certain determination by the Oklahoma Tax
Commission; requiring submission of report to
maintain certain eligibility; adding consulting
entity for promulgation of rules; updating statutory
language; updating statutory references; providing an
effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.206, as
amended by Section 1, Chapter 49, O.S.L. 2022 (68 O.S. Supp. 2022,
Section 2357.206), is amended to read as follows:

1 Section 2357.206. A. This act shall be known and may be cited
2 as the "Oklahoma Equal Opportunity Education Scholarship Act".

3 B. 1. Except as provided in subsection G H of this section,
4 after August 26, 2011, there shall be allowed a credit for any
5 taxpayer who makes a contribution to an eligible scholarship-
6 granting organization.

7 The credit shall be equal to fifty percent (50%) of the total
8 amount of contributions made during a taxable year, not to exceed
9 One Thousand Dollars (\$1,000.00) for single individuals, Two
10 Thousand Dollars (\$2,000.00) for married individuals filing jointly,
11 or One Hundred Thousand Dollars (\$100,000.00) for any taxpayer which
12 is a legal business entity including limited and general
13 partnerships, corporations, subchapter S corporations and limited
14 liability companies, plus any suspended credits pursuant to
15 subparagraph d e of paragraph 2 of subsection I J of this section;
16 provided, if total credits claimed pursuant to this paragraph exceed
17 the cap amount established pursuant to paragraphs 1 and 2 of
18 subsection E F of this section, the credit shall be equal to the
19 taxpayer's proportionate share of the cap for the taxable year, as
20 determined pursuant to subsection I J of this section.

21 2. For any taxpayer who makes a contribution to an eligible
22 scholarship-granting organization and makes a written commitment to
23 contribute the same amount for an additional year, the credit for
24 the first year and the additional year shall be equal to seventy-

1 five percent (75%) of the total amount of the contribution made
2 during a taxable year, not to exceed the amounts established in
3 paragraph 1 of this subsection for the taxable year in which the
4 credit provided in this subsection is claimed. The taxpayer shall
5 provide evidence of the written commitment to the Oklahoma Tax
6 Commission at the time of filing the refund claim.

7 3. The credits authorized pursuant to the provisions of this
8 subsection shall be allocable to the partners, shareholders,
9 members, or other equity owners of a taxpayer that is authorized to
10 be treated as a partnership for purposes of federal income tax
11 reporting for the taxable year for which the tax credits authorized
12 by this subsection are claimed on the applicable return, together
13 with required schedules, forms or reports of the partners,
14 shareholders, members, or other equity owners of the taxpayer. Tax
15 credits which are allocated to such equity owners shall only be
16 limited in amount for the income tax return of a natural person or
17 persons based upon the limitation of the total credit amount to the
18 entity from which the tax credits have been allocated and shall not
19 be limited to One Thousand Dollars (\$1,000.00) for single
20 individuals or limited to Two Thousand Dollars (\$2,000.00) for
21 married persons filing a joint return.

22 4. On or before April 30, 2024, and once every two (2) years
23 thereafter, such scholarship-granting organization and educational
24 improvement grant organization shall electronically submit to the

1 Oklahoma Tax Commission, the Governor, President Pro Tempore of the
2 Oklahoma State Senate, the Speaker of the Oklahoma House of
3 Representatives, and the chairs and vice chairs of the education
4 committees of the Senate and House of Representatives an audited
5 financial statement for the organization along with information
6 detailing the benefits, successes, or failures of the program, and
7 make publicly available on its website the financial statement and
8 information submitted pursuant to this paragraph.

9 C. 1. Except as provided in subsection G H of this section,
10 after August 26, 2011, there shall be allowed a credit for any
11 taxpayer who makes a contribution to an eligible educational
12 improvement grant organization. Except as otherwise provided by
13 paragraph 2 of this subsection, the credit shall be equal to fifty
14 percent (50%) of the total amount of contributions made during a
15 taxable year, not to exceed One Thousand Dollars (\$1,000.00) for
16 single individuals, Two Thousand Dollars (\$2,000.00) for married
17 individuals filing jointly, or One Hundred Thousand Dollars
18 (\$100,000.00) for any taxpayer which is a legal business entity
19 including limited and general partnerships, corporations, subchapter
20 S corporations and limited liability companies, plus any suspended
21 credits pursuant to subparagraph d e of paragraph 2 of subsection I
22 J of this section; provided, if total credits claimed pursuant to
23 this paragraph exceed the cap amount established pursuant to
24 paragraphs 3 and 4 of subsection E F of this section, the credit

1 shall be equal to the taxpayer's proportionate share of the cap for
2 the taxable year, as determined pursuant to subsection ~~¶~~ J of this
3 section.

4 2. For any taxpayer who makes a contribution to an eligible
5 educational improvement grant organization and makes a written
6 commitment to contribute the same amount for an additional year, the
7 credit for the first year and the additional year shall be equal to
8 seventy-five percent (75%) of the total amount of the contribution
9 made during a taxable year, not to exceed the cap amount established
10 in paragraphs 3 and 4 of subsection ~~¶~~ F of this section for the
11 taxable year in which the credit provided in this paragraph is
12 claimed; provided, if total credits claimed pursuant to this
13 paragraph exceed the cap established pursuant to paragraphs 3 and 4
14 of subsection ~~¶~~ F of this section, the credit shall be equal to the
15 taxpayer's proportionate share of the cap for the taxable year, as
16 determined pursuant to subsection ~~¶~~ J of this section. The taxpayer
17 shall provide evidence of the written commitment to the Oklahoma Tax
18 Commission at the time of filing the refund claim.

19 3. The credits authorized pursuant to the provisions of this
20 subsection shall be allocable to the partners, shareholders,
21 members, or other equity owners of a taxpayer that is authorized to
22 be treated as a partnership for purposes of federal income tax
23 reporting for the taxable year for which the tax credits authorized
24 by this subsection are claimed on the applicable return, together

1 with required schedules, forms, or reports of the partners,
2 shareholders, members, or other equity owners of the taxpayer. Tax
3 credits which are allocated to such equity owners shall only be
4 limited in amount for the income tax return of a natural person or
5 persons based upon the limitation of the total credit amount to the
6 entity from which the tax credits have been allocated and shall not
7 be limited to One Thousand Dollars (\$1,000.00) for single
8 individuals or limited to Two Thousand Dollars (\$2,000.00) for
9 married persons filing a joint return.

10 D. 1. For contributions made on or after January 1, 2022,
11 there shall be allowed a credit for any taxpayer who makes a
12 contribution to an eligible public school foundation or public
13 school district. Except as otherwise provided by paragraph 2 of
14 this subsection, the credit shall be equal to fifty percent (50%) of
15 the total amount of contributions made during a taxable year, not to
16 exceed One Thousand Dollars (\$1,000.00) for single individuals, Two
17 Thousand Dollars (\$2,000.00) for married individuals filing jointly,
18 or One Hundred Thousand Dollars (\$100,000.00) for any taxpayer which
19 is a legal business entity including limited and general
20 partnerships, corporations, subchapter S corporations and limited
21 liability companies; provided, if total credits claimed pursuant to
22 this paragraph exceed the cap amount established pursuant to
23 paragraph 4 of subsection ~~E~~ F of this section, the credit shall be
24 equal to the taxpayer's proportionate share of the cap for the

1 taxable year, as determined pursuant to subsection ¶ J of this
2 section.

3 2. Except as otherwise provided by paragraph 1 of this
4 subsection, for any taxpayer who makes a contribution to an eligible
5 public school foundation or public school district and makes a
6 written commitment to contribute the same amount for an additional
7 year, the credit for the first year and the additional year shall be
8 equal to seventy-five percent (75%) of the total amount of the
9 contribution made during a taxable year, not to exceed the cap
10 amount established in paragraph 4 of subsection ¶ F of this section
11 for the taxable year in which the credit provided in this paragraph
12 is claimed. The taxpayer shall provide evidence of the written
13 commitment to the Oklahoma Tax Commission at the time of filing the
14 refund claim; provided, if total credits claimed pursuant to this
15 paragraph exceed the cap amount established pursuant to paragraph 4
16 of subsection ¶ F of this section, the credit shall be equal to the
17 taxpayer's proportionate share of the cap for the taxable year, as
18 determined pursuant to subsection ¶ J of this section.

19 3. The credits authorized pursuant to the provisions of this
20 subsection shall be allocable to the partners, shareholders,
21 members, or other equity owners of a taxpayer that is authorized to
22 be treated as a partnership for purposes of federal income tax
23 reporting for the taxable year for which the tax credits authorized
24 by this subsection are claimed on the applicable return, together

1 with required schedules, forms, or reports of the partners,
2 shareholders, members, or other equity owners of the taxpayer. Tax
3 credits which are allocated to such equity owners shall only be
4 limited in amount for the income tax return of a natural person or
5 persons based upon the limitation of the total credit amount to the
6 entity from which the tax credits have been allocated and shall not
7 be limited to One Thousand Dollars (\$1,000.00) for single
8 individuals or limited to Two Thousand Dollars (\$2,000.00) for
9 married persons filing a joint return.

10 4. On or before April 30, 2024, and once every four (4) years
11 thereafter, such eligible public school foundation and public school
12 district shall submit to the Oklahoma Tax Commission, the Governor,
13 President Pro Tempore of the Oklahoma State Senate, and the Speaker
14 of the Oklahoma House of Representatives an audited financial
15 statement for the organization along with information detailing the
16 benefits, successes, or failures of the programs.

17 E. 1. For contributions made on or after January 1, 2026,
18 there shall be allowed a credit for any taxpayer who makes a
19 contribution to an eligible higher education institution fund.
20 Except as otherwise provided by paragraph 2 of this subsection, the
21 credit shall be equal to fifty percent (50%) of the total amount of
22 contributions made during a taxable year, not to exceed One Thousand
23 Dollars (\$1,000.00) for single individuals, Two Thousand Dollars
24 (\$2,000.00) for married individuals filing jointly, or One Hundred

1 Thousand Dollars (\$100,000.00) for any taxpayer which is a legal
2 business entity including limited and general partnerships,
3 corporations, subchapter S corporations, and limited liability
4 companies; provided, if total credits claimed pursuant to this
5 paragraph exceed the cap amount established pursuant to paragraph 5
6 of subsection F of this section, the credit shall be equal to the
7 taxpayer's proportionate share of the cap for the taxable year, as
8 determined pursuant to subsection J of this section.

9 2. Except as otherwise provided by paragraph 1 of this
10 subsection, for any taxpayer who makes a contribution to an eligible
11 higher education institution fund and makes a written commitment to
12 contribute the same amount for an additional year to an eligible
13 higher education institution fund, the credit for the first year and
14 the additional year shall be equal to seventy-five percent (75%) of
15 the total amount of the contribution made during a taxable year, not
16 to exceed the cap amount established in paragraph 5 of subsection F
17 of this section for the taxable year in which the credit provided in
18 this paragraph is claimed. The taxpayer shall provide evidence of
19 the written commitment to the Oklahoma Tax Commission at the time of
20 filing the refund claim; provided, if total credits claimed pursuant
21 to this paragraph exceed the cap amount established pursuant to
22 paragraph 5 of subsection F of this section, the credit shall be
23 equal to the taxpayer's proportionate share of the cap for the
24

1 taxable year, as determined pursuant to subsection J of this
2 section.

3 3. The credits authorized pursuant to the provisions of this
4 subsection shall be allocable to the partners, shareholders,
5 members, or other equity owners of a taxpayer that is authorized to
6 be treated as a partnership for purposes of federal income tax
7 reporting for the taxable year for which the tax credits authorized
8 by this subsection are claimed on the applicable return, together
9 with required schedules, forms, or reports of the partners,
10 shareholders, members, or other equity owners of the taxpayer. Tax
11 credits which are allocated to such equity owners shall only be
12 limited in amount for the income tax return of a natural person or
13 persons based upon the limitation of the total credit amount to the
14 entity from which the tax credits have been allocated and shall not
15 be limited to One Thousand Dollars (\$1,000.00) for single
16 individuals or limited to Two Thousand Dollars (\$2,000.00) for
17 married persons filing a joint return.

18 4. On or before April 30, 2028, and once every four (4) years
19 thereafter, each eligible higher education institution foundation
20 shall submit to the Oklahoma Tax Commission, the Governor, President
21 Pro Tempore of the Oklahoma State Senate, and the Speaker of the
22 Oklahoma House of Representatives an audited financial statement for
23 the foundation along with information detailing the benefits,
24 successes, or failures of the program.

1 F. Except as otherwise provided pursuant to subsection ~~F~~ J of
2 this section:

3 1. The total credits authorized pursuant to subsection B of
4 this section for all taxpayers for tax years 2017 through 2021 shall
5 not exceed Three Million Five Hundred Thousand Dollars
6 (\$3,500,000.00) annually;

7 2. The total credits authorized pursuant to subsection B of
8 this section for all taxpayers for tax years 2022 and subsequent tax
9 years shall not exceed Twenty-five Million Dollars (\$25,000,000.00)
10 annually;

11 3. The total credits authorized pursuant to subsection C of
12 this section for all taxpayers for tax years 2017 through 2021 shall
13 not exceed One Million Five Hundred Thousand Dollars (\$1,500,000.00)
14 annually;

15 4. The total credits authorized pursuant to subsections C and D
16 of this section for all taxpayers for tax year 2022 and subsequent
17 tax years shall not exceed Twenty-five Million Dollars
18 (\$25,000,000.00) annually. ~~In~~ Except as otherwise provided pursuant
19 to subparagraph c of paragraph 2 of subsection J of this section, in
20 addition to the cap amount prescribed by this paragraph, the credit
21 amount shall also be limited to Two Hundred Thousand Dollars
22 (\$200,000.00) of credits per public school district annually; ~~and~~

23 5. The total credits authorized pursuant to subsection E of
24 this section for all taxpayers for tax year 2026 and subsequent tax

1 years shall not exceed Twenty-five Million Dollars (\$25,000,000.00)
2 annually. Except as otherwise provided pursuant to subparagraph d
3 of paragraph 2 of subsection J of this section, in addition to the
4 cap amount prescribed by this paragraph, the credit amount shall
5 also be limited to Seven Million Five Hundred Thousand Dollars
6 (\$7,500,000.00) of credits per public higher education institution
7 annually; and

8 6. The cap on total credits provided for in this subsection
9 shall be allocated by the Tax Commission as provided in subsection ~~F~~
10 J of this section.

11 ~~F.~~ G. 1. For credits claimed for eligible contributions made
12 during tax year 2014 and thereafter, a credit shall not be allowed
13 by the Oklahoma Tax Commission for contributions made to a
14 scholarship-granting organization or an educational improvement
15 grant organization if that organization's percentage of funds
16 actually awarded to an eligible student is less than ninety percent
17 (90%). For purposes of this section, the "percentage of funds
18 actually awarded to an eligible student" shall be determined by
19 dividing the total amount of funds actually awarded as educational
20 scholarships or educational improvement grants over the most recent
21 twenty-four (24) months by the total amount available to award as
22 educational scholarships or educational improvement grants over the
23 most recent twenty-four (24) months.

24

1 2. For credits claimed for eligible contributions made during
2 tax year 2026 and thereafter, a credit shall not be allowed by the
3 Oklahoma Tax Commission for contributions made to an eligible higher
4 education institution foundation if that foundation's percentage of
5 funds actually awarded to eligible public higher education
6 institution students is less than ninety percent (90%). For
7 purposes of this section, the "percentage of funds actually awarded
8 to eligible public higher education institution students" shall be
9 determined by dividing the total amount of funds actually awarded
10 for scholarships for eligible public higher education institution
11 students to cover all or part of the tuition and fees for
12 undergraduate courses at a public higher education institution over
13 the most recent twenty-four (24) months by the total amount of
14 scholarships for eligible public higher education institution
15 students to cover all or part of the tuition and fees for
16 undergraduate courses at a public higher education institution
17 available to award over the most recent twenty-four (24) months.

18 G. H. Any tax credits which are earned by a taxpayer pursuant
19 to this section during the time period beginning August 26, 2011,
20 through December 31, 2012, may not be claimed for any period prior
21 to the taxable year beginning January 1, 2013. No credits which
22 accrue during the time period beginning August 26, 2011, through
23 December 31, 2012, may be used to file an amended tax return for any
24 taxable year prior to the taxable year beginning January 1, 2013.

1 ~~H.~~ I. As used in this section:

2 1. "Eligible student" means a child of school age who is
3 lawfully present in the United States and who is a member of a
4 household in which the total annual income during the preceding tax
5 year does not exceed an amount equal to three hundred percent (300%)
6 of the income standard used to qualify for a free or reduced-price
7 school lunch or who, during the immediately preceding school year,
8 attended or, by virtue of the location of such student's place of
9 residence, was eligible to attend a public school in this state
10 which has been identified for school improvement as determined by
11 the State Board of Education pursuant to the requirements of the No
12 Child Left Behind Act of 2001, P.L. No. 107-110. Once a student has
13 received an educational scholarship, as defined in paragraph 3 of
14 this subsection, the student and any siblings who are members of the
15 same household shall remain eligible until they graduate from high
16 school or reach twenty-one (21) years of age, whichever occurs
17 first;

18 2. "Eligible special needs student" means a child who has been
19 provided services under an Individualized Family Service Plan
20 through the SoonerStart program and during transition was evaluated
21 and determined to be eligible for school district services, a child
22 of school age who has attended public school in our state with an
23 individualized education program pursuant to the Individuals With
24 Disabilities Education Act, 20 U.S.C.A., Section 1400 et seq., or a

1 child who has been diagnosed by a clinical professional as having a
2 significant disability that will affect learning and who has been
3 approved by the board of a scholarship-granting organization;

4 3. "Educational scholarships" means:

- 5 a. scholarships to an eligible student of up to Five
6 Thousand Dollars (\$5,000.00) or eighty percent (80%)
7 of the statewide annual average per-pupil expenditure
8 as determined by the National Center for Education
9 Statistics, U.S. Department of Education, whichever is
10 greater, to cover all or part of the tuition, fees,
11 and transportation costs of a qualified school which
12 is accredited by the State Board of Education or an
13 accrediting association approved by the Board pursuant
14 to Section 3-104 of Title 70 of the Oklahoma Statutes,
- 15 b. scholarships to an eligible student of up to Five
16 Thousand Dollars (\$5,000.00) or eighty percent (80%)
17 of the statewide annual average per-pupil expenditure
18 as determined by the National Center for Education
19 Statistics, U.S. Department of Education, whichever is
20 greater, to cover the educational costs of a qualified
21 school which does not charge tuition, which enrolls
22 special populations of students, and which is
23 accredited by the State Board of Education or an
24 accrediting association approved by the Board pursuant

1 to Section 3-104 of Title 70 of the Oklahoma Statutes,
2 or

3 c. scholarships to an eligible special needs student of
4 up to Twenty-five Thousand Dollars (\$25,000.00) to
5 cover all or part of the tuition, fees, and
6 transportation costs of a qualified school for
7 eligible special needs students which is accredited by
8 the State Board of Education or an accrediting
9 association approved by the Board pursuant to Section
10 3-104 of Title 70 of the Oklahoma Statutes.

11 4. "Low-income eligible student" means an eligible student or
12 eligible special needs student who qualifies for a free or reduced-
13 price lunch;

14 5. "Qualified school" means an early childhood, elementary, or
15 secondary private school in this state including schools which
16 provide special educational programs for three-year-olds or
17 prekindergarten educational programs for four-year-olds, which:

18 a. is accredited by the State Board of Education or an
19 accrediting association approved by the Board pursuant
20 to Section 3-104 of Title 70 of the Oklahoma Statutes,

21 b. is in compliance with all applicable health and safety
22 laws and codes,
23
24

- 1 c. has a stated policy against discrimination in
2 admissions on the basis of race, color, national
3 origin, or disability, and
- 4 d. ensures academic accountability to parents and
5 guardians of students through regular progress
6 reports;

7 6. "Qualified school for eligible special needs students" means
8 an early childhood, elementary, or secondary private school in a
9 county in this state including schools which provide special
10 educational programs for three-year-olds or prekindergarten
11 educational programs for four-year-olds;

12 7. "Scholarship-granting organization" means an organization
13 which:

- 14 a. is a nonprofit entity exempt from taxation pursuant to
15 the provisions of the Internal Revenue Code, 26
16 U.S.C., Section 501(c)(3),
- 17 b. distributes periodic scholarship payments as checks
18 made out to an eligible student's or eligible special
19 needs student's parent or guardian and mailed to the
20 qualified school where the student is enrolled,
- 21 c. spends no more than ten percent (10%) of its annual
22 revenue on expenditures other than educational
23 scholarships as defined in paragraph 3 of this
24 subsection,

- 1 d. spends each year a portion of its expenditures on
2 educational scholarships for low-income eligible
3 students, as defined in paragraph 4 of this
4 subsection, in an amount equal to or greater than the
5 percentage of low-income eligible students in the
6 state,
- 7 e. ensures that scholarships are portable during the
8 school year and can be used at any qualified school
9 that accepts the eligible student or at any qualified
10 school for special needs students that accepts the
11 eligible special needs student,
- 12 f. registers with the Oklahoma Tax Commission as a
13 scholarship-granting organization, and
- 14 g. has policies in place to:
- 15 (1) carry out criminal background checks on all
16 employees and board members to ensure that no
17 individual is involved with the organization who
18 might reasonably pose a risk to the appropriate
19 use of contributed funds, and
- 20 (2) maintain full and accurate records with respect
21 to the receipt of contributions and expenditures
22 of those contributions and supply such records
23 and any other documentation required by the Tax
24

1 Commission to demonstrate financial
2 accountability;

3 8. "Annual revenue" means the total amount or value of
4 contributions received by an organization from taxpayers awarded
5 credits during the organization's fiscal year and all amounts earned
6 from interest or investments;

7 9. "Public school" means public schools as defined in Section
8 1-106 of Title 70 of the Oklahoma Statutes;

9 10. "Eligible public school district" means any public school;

10 11. "Early childhood education program" means a special
11 educational program for eligible special needs students who are
12 three (3) years of age or a prekindergarten educational program
13 provided to children who are at least four (4) years of age but not
14 more than five (5) years of age on or before September 1;

15 12. "Innovative educational program" means an advanced academic
16 or academic improvement program that is not part of the regular
17 coursework of a public school but that enhances the curriculum or
18 academic program of the school or provides early childhood education
19 programs to students;

20 13. "Educational improvement grant" means a grant to an
21 eligible public school to implement an innovative educational
22 program for students including the ability for multiple public
23 schools to make an application and be awarded a grant to jointly
24 provide an innovative educational program;

1 14. "Educational improvement grant organization" means an
2 organization which:

3 a. is a nonprofit entity exempt from taxation pursuant to
4 the provisions of the Internal Revenue Code, 26
5 U.S.C., Section 501(c)(3), and

6 b. contributes at least ninety percent (90%) of its
7 annual receipts as grants to eligible schools for
8 innovative educational programs. For purposes of this
9 subparagraph, an educational improvement grant
10 organization contributes its annual cash receipts when
11 it expends or otherwise irrevocably encumbers those
12 funds for expenditure during the then current fiscal
13 year of the organization or during the next succeeding
14 fiscal year of the organization; ~~and~~

15 15. "Eligible public school foundation" means a nonprofit
16 entity formed pursuant to the laws of this state and is exempt from
17 federal income taxation pursuant to either Section 501(c)(3) or
18 Section 509(a) of the Internal Revenue Code of 1986, as amended.
19 Each public school foundation ~~must~~ shall be approved by the local
20 board of education prior to accepting qualifying donations;

21 16. "Eligible public higher education institution student"
22 means a student who receives a scholarship from an eligible higher
23 education institution fund;
24

1 17. "Eligible higher education institution foundation" means a
2 nonprofit entity formed pursuant to the laws of this state that is
3 exempt from federal income taxation pursuant to either Section
4 501(c)(3) or Section 509(a) of the Internal Revenue Code of 1986, as
5 amended, and is formed for the primary purpose of supporting a
6 public higher education institution. Each eligible higher education
7 institution foundation shall be approved by the governing board of
8 the public higher education institution prior to accepting
9 qualifying donations;

10 18. "Eligible higher education institution fund" means a
11 scholarship fund established at a public higher education
12 institution that is restricted for the sole purpose of awarding
13 scholarships to a student enrolled at such institution, who meets
14 the total annual income limitations set forth in paragraph 1 of
15 subsection I of this section;

16 19. "Public higher education institution" means an institution
17 authorized by the Oklahoma State Regents for Higher Education.

18 ~~J.~~ J. Total credits authorized by this section shall be
19 allocated as follows:

20 1. By January ~~10~~ 31 of the year immediately following each
21 calendar year, a scholarship-granting organization, an educational
22 improvement grant organization, an eligible public school
23 foundation, ~~or a public school district,~~ or an eligible higher
24 education institution foundation which accepts contributions

1 pursuant to this section shall provide electronically to the Tax
2 Commission information on each eligible contribution accepted during
3 such taxable year. At least once each taxable year, the entity
4 making the report shall notify each contributor that Oklahoma law
5 provides for a total, statewide cap on the amount of income tax
6 credits allowed annually;

7 2. a. If the Tax Commission determines the total combined
8 credits claimed for contributions made to scholarship-
9 granting organizations during the most recently
10 completed calendar year by all taxpayers are in excess
11 of the statewide cap amount provided in paragraphs 1
12 and 2 of subsection ~~E~~ F of this section, the Tax
13 Commission shall first allocate any amount of credits
14 not claimed for contributions made to organizations
15 authorized pursuant to subsections C and D of this
16 section, then shall determine the percentage of the
17 contribution which establishes the proportionate share
18 of the credit which may be claimed by any taxpayer so
19 that the total maximum credits authorized by this
20 section are not exceeded.

21 b. If the Tax Commission determines the total combined
22 credits claimed for contributions made to
23 organizations authorized pursuant to subsections C and
24 D of this section during the most recently completed

1 calendar year by all taxpayers are in excess of the
2 statewide cap amount provided in paragraphs 3 and 4 of
3 subsection ~~E~~ F of this section, the Tax Commission
4 shall first allocate any amount of credits not claimed
5 for contributions made to scholarship-granting
6 organizations, then shall determine the percentage of
7 the contribution which establishes the proportionate
8 share of the credit which may be claimed by any
9 taxpayer so that the maximum credits authorized by
10 this section are not exceeded.

11 c. If the Tax Commission determines the total combined
12 credits claimed for contributions made to
13 organizations authorized pursuant to subsections C and
14 D of this section during the most recently completed
15 calendar year by all taxpayers are in excess of the
16 per public school district cap of Two Hundred Thousand
17 Dollars (\$200,000.00) pursuant to paragraph 4 of
18 subsection ~~E~~ F of this section, the Tax Commission
19 shall first allocate any amount of credits not claimed
20 for contributions made to other organizations
21 authorized pursuant to subsections C and D of this
22 section, then shall determine the percentage of the
23 contribution which establishes the proportionate share
24 of the credit which may be claimed by any taxpayer so

1 that the maximum credits authorized by this section
2 are not exceeded.

3 d. If the Tax Commission determines the total combined
4 credits claimed for contributions made to
5 organizations authorized pursuant to subsection E of
6 this section during the most recently completed
7 calendar year by all taxpayers are in excess of the
8 per public higher education institution cap of Seven
9 Million Five Hundred Thousand Dollars (\$7,500,000.00)
10 pursuant to paragraph 5 of subsection F of this
11 section, the Tax Commission shall first allocate any
12 amount of credits not claimed for contributions made
13 to other organizations authorized pursuant to
14 subsection E of this section, then shall determine the
15 percentage of the contribution which establishes the
16 proportionate share of the credit which may be claimed
17 by any taxpayer so that the maximum credits authorized
18 by this section are not exceeded.

19 e. Beginning for tax year 2016, credits earned, but not
20 allowed due to the application of statewide caps
21 provided in subsection ~~E~~ F of this section will be
22 considered suspended and authorized to be used in the
23 next immediate tax year and applied to the next year's
24 statewide cap; and

1 3. The Tax Commission shall publish the percentage of the
2 contribution which may be claimed as a credit by contributors for
3 the most recently completed calendar year on the Tax Commission
4 website no later than February 15 of each calendar year for
5 contributions made the previous year. Each organization authorized
6 pursuant to subsections B, C, ~~and D,~~ and E of this section shall
7 notify contributors of that amount annually.

8 ~~J.~~ K. No tax credits authorized by this section shall be used
9 to reduce the tax liability of the taxpayer to less than zero (0).

10 ~~K.~~ L. Any credits authorized by this section allowed but not
11 used in any tax year may be carried over, in order, to each of the
12 three (3) years following the year of qualification.

13 ~~L.~~ M. 1. In order to qualify under this section, each
14 organization authorized pursuant to subsections C and D of this
15 section shall submit an application with information to the Oklahoma
16 Tax Commission on a form prescribed by the Tax Commission that:

- 17 a. enables the Tax Commission to confirm that the
18 organization is a nonprofit entity exempt from
19 taxation pursuant to the provisions of the Internal
20 Revenue Code, 26 U.S.C., Section 501(c)(3) or Section
21 509(a), and
- 22 b. describes the proposed innovative educational program
23 or programs supported by the organization.

24

1 2. The Tax Commission shall review and approve or disapprove
2 the application, in consultation with the State Department of
3 Education.

4 3. In order to maintain eligibility under this section, an
5 organization authorized pursuant to subsections C and D of this
6 section shall annually report the following information to the Tax
7 Commission and publish on its website by September 1 of each year:

8 a. the name of the innovative educational program or
9 programs and the total amount of the grant or grants
10 made to those programs during the immediately
11 preceding school year,

12 b. a description of how each grant was utilized during
13 the immediately preceding school year and a
14 description of any demonstrated or expected innovative
15 educational improvements,

16 c. the names of the public school and school districts
17 where innovative educational programs that received
18 grants during the immediately preceding school year
19 were implemented,

20 d. where the organization collects information on a
21 county-by-county basis, and

22 e. the total number and total amount of grants made
23 during the immediately preceding school year for
24

1 innovative educational programs at public school by
2 each county in which the organization made grants.

3 4. In order to maintain eligibility under this section, an
4 organization authorized pursuant to subsection E of this section
5 shall annually report the following information to the Tax
6 Commission and publish on its website by September 1 of each year:

7 a. the name of the eligible public higher education fund
8 and the total amount of funds distributed by the
9 foundation from such fund during the immediately
10 preceding school year,

11 b. a description of how the scholarship funds were
12 utilized during the immediately preceding school year,
13 and

14 c. the total number and total amount of such scholarships
15 granted during the immediately preceding school year.

16 5. The information required under ~~paragraph~~ paragraphs 3 and 4
17 of this subsection shall be submitted on a form provided by the Tax
18 Commission. No later than May 1 of each year, the Tax Commission
19 shall annually distribute sample forms together with the forms on
20 which the reports are required to be made to each approved
21 organization.

22 ~~5.~~ 6. The Tax Commission shall not require any other
23 information be provided by an organization, except as expressly
24 authorized in this section.

1 ~~M.~~ N. 1. Beginning in 2023 for the 2022-2023 academic year, in
2 order to maintain registration, a scholarship-granting organization
3 shall annually report to the Tax Commission by September 1 of each
4 year the following information regarding the educational
5 scholarships funded by the organization in the previous academic
6 year:

- 7 a. the name and address of the scholarship-granting
8 organization,
- 9 b. the names of the qualifying schools that received
10 funding for educational scholarships, the total amount
11 of funds paid to each qualifying school, and the total
12 number of scholarship recipients enrolled in each
13 qualifying school,
- 14 c. the total number and total dollar amount of
15 contributions received during the previous academic
16 year,
- 17 d. the total number and total dollar amount of
18 educational scholarships awarded and funded during the
19 previous academic year,
- 20 e. the total number, total dollar amount, and percentage
21 of educational scholarships awarded and funded during
22 the previous academic year disaggregated into the
23 following categories:
 - 24 (1) low-income eligible students,

1 (2) students who during the immediately preceding
2 school year attended or who were eligible by
3 virtue of the residence of the student to attend
4 a public school in the state which was identified
5 for school improvement by the State Board of
6 Education,

7 (3) eligible special needs students, and

8 (4) students who were first-time recipients of a
9 scholarship including information about the type
10 of public or private school the student was
11 enrolled in during the entire previous academic
12 year,

13 f. the percentage of annual revenue received by the
14 organization from donations which qualify for tax
15 credits pursuant to this section which was not
16 expended on scholarships,

17 g. disaggregated data reported under this subsection
18 shall be redacted if reporting would allow for
19 identification of specific children, and shall be
20 reported in accordance with the Student Data
21 Accessibility, Transparency and Accountability Act of
22 2013, ~~division~~ subparagraph b of ~~subparagraph~~
23 paragraph 2 of subsection C of Section 3-168 of Title
24 70 of the Oklahoma Statutes, and the Family

1 Educational Rights and Privacy Act of 1974 (FERPA), 20
2 U.S.C., Section 1232g, and

3 h. the percentage of the total amount of education
4 scholarship expenditures spent on low-income eligible
5 students.

6 2. The Tax Commission shall make available on its website:

7 a. the information submitted by the scholarship-granting
8 organization pursuant to paragraph 1 of this
9 subsection,

10 b. a list of participating schools, and

11 c. all other application information submitted to the Tax
12 Commission by a scholarship-granting organization,
13 except that information which would violate the
14 privacy of an individual.

15 3. A scholarship-granting organization shall annually submit
16 verification to the Tax Commission that the organization still meets
17 the criteria set forth in paragraph 7 of subsection ~~H~~ I of this
18 section.

19 ~~N.~~ O. Contributions made pursuant to subsections B, C, and D of
20 this section shall not be used by the Legislature to reduce the
21 amount appropriated for the financial support of public schools.

22 Contributions made pursuant to subsection E of this section shall
23 not be used by the Legislature to reduce the amount appropriated for
24 the financial support of public higher education institutions.

1 ~~Θ.~~ P. In consultation with the State Department of Education
2 and the Oklahoma State Regents for Higher Education, the Tax
3 Commission shall promulgate rules necessary to implement the
4 Oklahoma Equal Opportunity Education Scholarship Act. The rules
5 shall include procedures for the registration of a scholarship-
6 granting organization, an educational improvement grant
7 organization, a public school foundation, ~~or~~ public school district,
8 or eligible higher education institution foundation for purposes of
9 determining if the organization meets the requirements of the
10 Oklahoma Equal Opportunity Education Scholarship Act or for the
11 revocation of the registration of an organization, if applicable,
12 and for notice as required in subsection ~~¶~~ J of this section.

13 SECTION 2. This act shall become effective July 1, 2025.

14 SECTION 3. It being immediately necessary for the preservation
15 of the public peace, health or safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.

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