

1 STATE OF OKLAHOMA

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

3 SENATE BILL 684

By: Paxton

4
5
6
7
8 AS INTRODUCED

9 An Act relating to income tax credit; amending
10 Section 2, Chapter 278, O.S.L. 2023, as amended by
11 Section 3, Chapter 277, O.S.L. 2024 (70 O.S. Supp.
12 2024, Section 28-101), which relates to the Oklahoma
13 Parental Choice Tax Credit Act; modifying application
14 period for certain school years; requiring the
15 payment of full credit amount by certain date;
16 updating statutory language; and providing an
17 effective date.

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

19 SECTION 1. AMENDATORY Section 2, Chapter 278, O.S.L.
20 2023, as amended by Section 3, Chapter 277, O.S.L. 2024 (70 O.S.
21 Supp. 2024, Section 28-101), is amended to read as follows:

22 Section 28-101. A. As used in the Oklahoma Parental Choice Tax
23 Credit Act:

24 1. "Commission" means the Oklahoma Tax Commission;

1 2. "Curriculum" means a complete course of study for a
2 particular content area or grade level;

3 3. "Department" means the State Department of Education;

4 4. "Education service provider" means a person, business,
5 public school district, public charter school, magnet school, or
6 organization that provides educational goods and/or services to
7 eligible students in this state;

8 5. "Eligible student" means a resident of this state who is
9 eligible to enroll in a public school in this state. Eligible
10 student shall include a student who is enrolled in and attends or is
11 expected to enroll in a private school in this state accredited by
12 the State Board of Education or another accrediting association or a
13 student who is educated pursuant to the other means of education
14 exception provided for in subsection A of Section 10-105 of this
15 title;

16 6. "Qualified expense" for the purpose of claiming the credit
17 authorized by paragraph 1 of subsection C of this section means
18 tuition and fees at a private school in this state accredited by the
19 State Board of Education or another accrediting association.
20 Provided, the amount of tuition and fees considered a qualified
21 expense pursuant to this paragraph shall not include tuition and
22 fees paid with any scholarship or tuition and fees discounted or
23 otherwise reduced by the school;

1 7. "Qualified expense" for the purpose of claiming the credit
2 authorized by paragraph 2 of subsection C of this section means the
3 following expenditures:

- 4 a. tuition and fees for nonpublic learning programs,
5 online or in person,
- 6 b. academic tutoring services provided by an individual
7 or a private academic tutoring facility,
- 8 c. textbooks, curriculum, or other instructional
9 materials including, but not limited to, supplemental
10 materials or associated online instruction required by
11 an education service provider, and
- 12 d. fees for nationally standardized assessments
13 including, but not limited to, assessments used to
14 determine college admission and advanced placement
15 examinations as well as tuition and fees for tutoring
16 or preparatory courses for the assessments; and

17 8. "Taxpayer" means a biological or adoptive parent,
18 grandparent, aunt, uncle, legal guardian, custodian, or other person
19 with legal authority to act on behalf of an eligible student.

20 B. There is hereby created the Oklahoma Parental Choice Tax
21 Credit Program to provide an income tax credit to a taxpayer for
22 qualified expenses to support the education of eligible students in
23 this state.

1 C. For the tax year 2024 and subsequent tax years, and fiscal
2 year 2026 and subsequent fiscal years, there shall be allowed
3 against the tax imposed by Section 2355 of Title 68 of the Oklahoma
4 Statutes a credit for any Oklahoma taxpayer who incurs a qualified
5 expense on behalf of an eligible student, to be administered subject
6 to the following amounts:

7 1. If the eligible student attends a private school in this
8 state accredited by the State Board of Education or another
9 accrediting association, the annual maximum credit amount for tax
10 year 2024, fiscal year 2026, and each subsequent fiscal year shall
11 be:

12 a. Seven Thousand Five Hundred Dollars (\$7,500.00) or the
13 amount of tuition and fees for the private school,
14 whichever is less, if the combined adjusted gross
15 income of the parents or legal guardians of the
16 eligible student during the second preceding tax year
17 does not exceed Seventy-five Thousand Dollars
18 (\$75,000.00),

19 b. Seven Thousand Dollars (\$7,000.00) or the amount of
20 tuition and fees for the private school, whichever is
21 less, if the combined adjusted gross income of the
22 parents or legal guardians of the eligible student
23 during the second preceding tax year is more than
24 Seventy-five Thousand Dollars (\$75,000.00) but does

1 not exceed One Hundred Fifty Thousand Dollars
2 (\$150,000.00),

3 c. Six Thousand Five Hundred Dollars (\$6,500.00) or the
4 amount of tuition and fees for the private school,
5 whichever is less, if the combined adjusted gross
6 income of the parents or legal guardians of the
7 eligible student during the second preceding tax year
8 is more than One Hundred Fifty Thousand Dollars
9 (\$150,000.00) but does not exceed Two Hundred Twenty-
10 five Thousand Dollars (\$225,000.00),

11 d. Six Thousand Dollars (\$6,000.00) or the amount of
12 tuition and fees for the private school, whichever is
13 less, if the combined adjusted gross income of the
14 parents or legal guardians of the eligible student
15 during the second preceding tax year is more than Two
16 Hundred Twenty-five Thousand Dollars (\$225,000.00) but
17 does not exceed Two Hundred Fifty Thousand Dollars
18 (\$250,000.00), or

19 e. Five Thousand Dollars (\$5,000.00) or the amount of
20 tuition and fees for the private school, whichever is
21 less, if the combined adjusted gross income of the
22 parents or legal guardians of the eligible student
23 during the second preceding tax year is more than Two
24 Hundred Fifty Thousand Dollars (\$250,000.00);

1 2. For tax year 2024 and subsequent tax years, the maximum
2 credit amount shall be One Thousand Dollars (\$1,000.00) in qualified
3 expenses per eligible student in each tax year if the eligible
4 student is educated pursuant to the other means of education
5 exception provided for in subsection A of Section 10-105 of this
6 title. To claim the credit, the taxpayer shall submit to the
7 Commission receipts for qualified expenses as defined by paragraph 7
8 of subsection A of this section;

9 3. If the eligible student attends a private school in this
10 state, accredited by the State Board of Education or another
11 accrediting association, that exclusively serves students
12 experiencing homelessness, the credit amount shall be Seven Thousand
13 Five Hundred Dollars (\$7,500.00) or the amount of the cost to
14 educate the eligible student at the private school, whichever is
15 less;

16 4. If the eligible student attends a private school in this
17 state, accredited by the State Board of Education or another
18 accrediting association, that primarily serves financially
19 disadvantaged students, the credit amount shall be the maximum
20 credit amount authorized by paragraph 1 of this subsection or the
21 amount of the cost to educate the eligible student at the private
22 school, whichever is less. The cost to educate the eligible student
23 shall be equal to the average cost to educate all students attending
24 the private school, which shall be calculated by dividing the

1 private school's total expenditures in the previous year by the
2 total enrollment in the previous school year. A private school
3 shall be deemed to be primarily serving financially disadvantaged
4 students if ninety percent (90%) of the private school's admissions
5 are based on enrolling students whose gross family income is two
6 hundred fifty percent (250%) of the federal poverty threshold or
7 below;

8 5. The taxpayer shall retain all receipts of qualified expenses
9 as proof of the amounts paid each tax year the credit is claimed and
10 shall submit them to the Commission upon request;

11 6. If the credit exceeds the tax imposed by Section 2355 of
12 Title 68 of the Oklahoma Statutes, the excess amount shall be
13 refunded to the taxpayer; and

14 7. Credits claimed by a taxpayer pursuant to the provisions of
15 this section shall not be used to offset or pay the following:

- 16 a. delinquent tax liability,
- 17 b. accrued penalty or interest from the failure to file a
18 report or return,
- 19 c. accrued penalty or interest from the failure to pay a
20 state tax within the statutory period allowed for its
21 payment,
- 22 d. tax liability of the taxpayer from any prior tax year,
23 or

1 e. any debt, unpaid fine, final judgment, or claim filed
2 with the Commission by a qualified entity as defined
3 in Section 205.2 of Title 68 of the Oklahoma Statutes.

4 D. 1. a. For tax year 2024, the total amount of credits
5 authorized by paragraph 1 of subsection C of this
6 section shall not exceed One Hundred Fifty Million
7 Dollars (\$150,000,000.00).

8 b. For the period of January 1, 2025, through June 30,
9 2025, the total amount of credits authorized by
10 paragraph 1 of subsection C of this section shall not
11 exceed One Hundred Million Dollars (\$100,000,000.00).
12 The Commission shall not require a taxpayer who
13 received a credit pursuant to paragraph 1 of
14 subsection C of this section in tax year 2024 to
15 reapply for a credit payable during the period
16 described in this subparagraph. The Commission shall
17 base the credit amount payable for the spring 2025 on
18 the fall 2024 installment disbursement payment amount.

19 c. For fiscal year 2026 and subsequent fiscal years, the
20 total amount of credits authorized by paragraph 1 of
21 subsection C of this section shall not exceed Two
22 Hundred Fifty Million Dollars (\$250,000,000.00).
23
24
25

1 2. For tax year 2025 and subsequent tax years, the total amount
2 of credits authorized by paragraph 2 of subsection C of this section
3 shall not exceed Five Million Dollars (\$5,000,000.00).

4 E. The Commission shall prescribe applications for the purposes
5 of claiming the credits authorized by the Oklahoma Parental Choice
6 Tax Credit Act and a deadline by which applications shall be
7 submitted. A taxpayer claiming the credit authorized by paragraph 1
8 of subsection C of this section shall submit an application
9 prescribed by the Commission to receive the credit ~~in two~~
10 ~~installments, each of which shall be half of the expected amount of~~
11 ~~tuition and fees for the private school~~ based on the enrollment
12 verification form submitted pursuant to this subsection, but in no
13 event shall ~~an installment~~ a payment exceed the amount of the credit
14 authorized by paragraph 1 of subsection C of this section. If an
15 eligible taxpayer provides documentation on the application that he
16 or she is a recipient of income-based government benefits including
17 the Supplemental Nutrition Assistance Program (SNAP), Temporary
18 Assistance for Needy Families (TANF), or SoonerCare, the eligible
19 taxpayer shall not be required to provide additional income
20 verification. A taxpayer claiming the credit authorized by
21 paragraph 1 of subsection C of this section shall submit to the
22 Commission an enrollment verification form from the private school
23 in which the eligible student is enrolled or is expected to enroll
24 with the tuition and fees to be charged the taxpayer for the

1 applicable school year. In reviewing applications submitted by
2 eligible taxpayers to determine whether they qualify for a credit
3 authorized by paragraph 1 of subsection C of this section, the
4 Commission shall give first preference in making ~~installments~~
5 payments to taxpayers who qualify pursuant to subparagraphs a and b
6 of paragraph 1 of subsection C of this section. For credits issued
7 in the ~~2025-2026~~ 2027-2028 school year and subsequent school years,
8 the application period shall be open on February 15 ~~on February 15~~ May 15 through
9 July 15 prior to the beginning of each school year. For any
10 eligible student whose parents or legal guardians have a combined
11 adjusted gross income that does not exceed One Hundred Fifty
12 Thousand Dollars (\$150,000.00), applications shall be submitted to
13 the Commission within the first sixty (60) days of the opening of
14 the application period to receive priority consideration. For
15 students enrolled in the full school year, the full credit amount
16 authorized for the school year shall be paid ~~in two installments,~~
17 ~~one per school semester, to be paid no later than August 30 and~~
18 ~~January 15, each of which shall be half of the total expected amount~~
19 ~~of tuition and fees on the enrollment verification form submitted~~
20 ~~pursuant to this subsection.~~

21 F. In the event there are more applications submitted by
22 eligible taxpayers for a credit authorized by paragraph 1 of
23 subsection C of this section than available credits pursuant to
24 subsection D of this section, then the Commission shall give first

1 preference in authorizing credits for eligible students of taxpayers
2 who qualify pursuant to subparagraphs a and b of paragraph 1 of
3 subsection C of this section and have received the credit in the
4 prior year.

5 G. Taxpayers claiming the credit shall:

6 1. Only claim the credit for qualified expenses as defined in
7 paragraphs 6 and 7 of subsection A of this section to provide an
8 education for an eligible student;

9 2. Ensure no other person is claiming a credit for the eligible
10 student;

11 3. Not claim the credit for an eligible student who enrolls as
12 a full-time student in a public school district, public charter
13 school, public virtual charter school, or magnet school;

14 4. Comply with rules and requirements established by the
15 Commission for administration of the Oklahoma Parental Choice Tax
16 Credit Program; and

17 5. Notify the Commission not later than thirty (30) days after
18 the date on which the eligible student:

19 a. enrolls in a public school, including an open-
20 enrollment charter school,

21 b. enrolls in a nonaccredited private school,

22 c. graduates from high school, or

23 d. is no longer utilizing credits authorized by paragraph
24 1 of subsection C of this section for any reason.

1 H. Eligible students may accept a scholarship from the Lindsey
2 Nicole Henry Scholarships for Students with Disabilities Program
3 created by Section 13-101.2 of this title while participating in the
4 Oklahoma Parental Choice Tax Credit Program.

5 I. 1. The Commission shall have the authority to conduct an
6 audit or contract for the auditing of receipts for qualified
7 expenses submitted pursuant to paragraph 2 of subsection C of this
8 section.

9 2. The Commission shall be authorized to recapture the credits
10 otherwise authorized by the provisions of the Oklahoma Parental
11 Choice Tax Credit Act on a prorated basis if an audit conducted
12 pursuant to this subsection shows that the credit was claimed for
13 expenditures that were not qualified expenses or it finds that the
14 taxpayer has claimed an eligible student who no longer attends a
15 private school or has enrolled in a public school in the state.

16 3. The Commission shall be authorized to reallocate credits to
17 the next eligible taxpayer in line when a taxpayer, on behalf of an
18 eligible student in the program, chooses not to participate, is no
19 longer eligible to participate, or chooses to forgo participation in
20 the program for any reason.

21 4. The Commission shall provide notification of approval status
22 to applicants within thirty (30) days of closure of the application
23 window. Notice to applicants with an eligible student, whose
24 parents or legal guardians have a combined adjusted gross income of

1 more than One Hundred Fifty Thousand Dollars (\$150,000.00), shall be
2 sent within thirty (30) days or no later than thirty (30) days after
3 the last day of the priority consideration period.

4 J. In the event of a failure of revenue pursuant to the
5 Oklahoma State Finance Act, the tax credits otherwise authorized in
6 subsection C of this section shall be reduced proportionately to the
7 reduction in the amount of money appropriated to the State Board of
8 Education for the financial support of public schools for the fiscal
9 year in which the failure of revenue occurs.

10 K. The Commission shall make available on its website to be
11 updated monthly:

12 1. The total amount of credits claimed each year pursuant to
13 paragraphs 1 through 4 of subsection C of this section;

14 2. The amount of credits claimed and number of students awarded
15 each fiscal year pursuant to paragraph 1 of subsection C of this
16 section disaggregated by income categories;

17 3. The total amount of credits claimed and number of students
18 awarded who attended a public school in the semester immediately
19 preceding the school year for which the application is made each
20 year; and

21 4. The total number of applications denied and total amount of
22 credits the denied applications represent for each fiscal year.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

L. Credits received pursuant to the Oklahoma Parental Choice Tax Credit Act shall not constitute taxable income to a taxpayer who received the credit on behalf of an eligible student.

SECTION 2. This act shall become effective November 1, 2025.

60-1-1429 QD 1/19/2025 5:41:20 AM