

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

HOUSE BILL 1160 By: Worthen

AS INTRODUCED

An Act relating to revenue and taxation; providing income tax credit for certain qualifying educational expenses; imposing maximum amount on credit; providing for carryover and specifying carryover period; prohibiting itemized deductions with respect to amounts used in credit computation; defining terms; authorizing Oklahoma Tax Commission to require certain documentation; requiring promulgation of rules; providing certain schools or organizations not required to provide documents; stating legislative intent; requiring reports regarding credit usage by Tax Commission; requiring cabinet secretary to make report to chairs of specified legislative committees; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.207 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For tax years beginning after December 31, 2021, there shall be allowed for any taxpayer a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes for qualifying educational expenses incurred during the tax year for any child who is eligible to be enrolled in a public school in this state free of charge and who qualifies as the taxpayer's dependent for federal tax purposes.

B. The maximum education expenses tax credit allowable for each taxable year, including carryover credits allowed by subsection C of this section, shall be Two Thousand Five Hundred Dollars (\$2,500.00) per child.

C. If a family is directly receiving education funds in the form of an ESA, Voucher, or other state monies designated for education, they will not be eligible to receive or participate in the tax credit.

D. If the amount of the allowable credit pursuant to subsection A of this section exceeds the maximum allowable credit pursuant to subsection B of this section, such excess may

be carried over, in order, to each of the two (2) subsequent taxable years.

E. Amounts claimed under this section shall not also be itemized as deductions for the same tax year when computing Oklahoma taxable income.

F. As used in this section:

1. "Academic instruction" means instruction in reading, writing, mathematics, science, history, art, music, geography, civics, economics, literature, philosophy, religion, foreign languages and related subjects;

2. "Close relatives" refers to a person's children, grandchildren, mother, father, brothers, sisters, aunts or uncles whether by blood, marriage or adoption;

3. "Qualifying educational expenses" include:

a. tuition and fees for concurrent enrollment as described in Section 628.13 of Title 70 of the Oklahoma Statutes for a student who meets the requirements set forth in subsection C of that section, tuition and other instructional fees charged by a qualified school, costs associated with activities at a qualified school, including the cost of fees, clothing and equipment required to participate in athletic teams, musical groups, clubs or similar school activities, tuition and other instructional fees charged for tutoring, private instruction or remedial education services for the purposes of academic instruction and not provided by a close relative, costs associated with the provision of instruction by other means in prekindergarten through grade twelve directed by the parent or guardian including the cost of computer equipment, software, online instruction, cooperative educational programs, textbooks, workbooks, curricula and other written materials used primarily for academic instruction, and costs associated with activities comparable to those defined in subparagraph c of this paragraph for a student being educated by other means in prekindergarten through grade twelve directed by the parent or guardian; and

4. "Qualified school" means either a public elementary or secondary school or a private educational program that can be used to satisfy the state's compulsory school attendance requirements.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.208 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Tax Commission is authorized to require the

taxpayer to submit with the tax return copies of such receipts or similar financial documentation as may be necessary to confirm the taxpayer's statement of the allowable credit.

B. The Oklahoma Tax Commission shall promulgate rules and develop tax forms, directions and worksheets as necessary to effectuate the intent of this act. The rules shall modify the state tax forms, directions and worksheets to provide a convenient way for taxpayers to claim a credit under this act.

C. Regardless of what documentation the Oklahoma Tax Commission may require for purposes of allowing credit for payments of qualifying expenses, no school or other organization shall be required to provide such documentation or otherwise act to facilitate taxpayers' access to credits under this act.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.209 of Title 68, unless there is created a duplication in numbering, reads as follows:

The intent of the Legislature is that tax credits authorized pursuant to this act not result in any additional regulation of public or private schools or of parents' education decisions, including educating their children by other means.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.210 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Tax Commission shall determine annually by credit type the total amount of credits claimed under this act on all state income tax returns and shall report the same to the cabinet secretary with applicable authority.

B. Within sixty (60) days prior to the start of each legislative session, the cabinet secretary with applicable authority shall present a report to the Chair of the Senate Finance Committee and the Chair of the House Appropriations and Budget Committee projecting the total dollar amount of credits expected to be claimed under this act on returns for the current tax year and the following tax year as of the date of the report.

SECTION 5. This act shall become effective November 1, 2022.