

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend SB2093 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Randy Terrill _____

Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 PROPOSED COMMITTEE SUBSTITUTE
4 FOR ENGROSSED

5 SENATE BILL NO. 2093

6 By: Branam, Coffee, Jolley,
7 Mazzei, Bingman,
8 Barrington, Brown, Crain,
9 Ford, Lamb, Aldridge,
10 Myers, Reynolds and
11 Laughlin of the Senate

12 and

13 Miller of the House

14 PROPOSED COMMITTEE SUBSTITUTE

15 An act relating to revenue and taxation; creating
16 "New Hope Scholarship Act"; creating income tax
17 credit; limiting amount of credit; capping total
18 amount of credit; defining terms; prohibiting refund;
19 creating New Hope Scholarship Act Fund; providing for
20 deposit of revenues; prescribing procedures;
21 providing for refund claim process; imposing
22 limitation upon payment of claims until specified
23 period; allowing carryover; providing for recapture;
24 requiring promulgation of rules; 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 2357.206 of Title 68, unless
there is created a duplication in numbering, reads as follows:

1 A. This section shall be known and may be cited as the "New
2 Hope Scholarship Act".

3 B. For tax years beginning after December 31, 2008, there shall
4 be allowed against the tax imposed by Section 2355 of Title 68 of
5 the Oklahoma Statutes a credit for any taxpayer who makes a
6 contribution to an eligible scholarship-granting organization. The
7 credit authorized by this section shall be equal to fifty percent
8 (50%) of the total amount of contributions made during a taxable
9 year, not to exceed an amount which is equal to fifty percent (50%)
10 of the total tax liability of the taxpayer for the taxable year in
11 which the credit provided in this section is claimed. The total of
12 the credits authorized by this section shall not exceed Two Million
13 Five Hundred Thousand Dollars (\$2,500,000.00) annually, to be
14 allocated by the Oklahoma Tax Commission on a first-come, first-
15 served basis.

16 C. As used in this section:

17 1. "Eligible student" means a student who:

18 a. is lawfully present in the United States and who is a
19 member of a household whose total annual income during
20 the preceding tax year does not exceed an amount equal
21 to the income standard used to qualify for a free or
22 reduced-price school lunch. Once a student meets the
23 requirements of this subparagraph, such student
24 remains eligible regardless of household income until

1 such student graduates high school or reaches twenty-
2 one (21) years of age, whichever occurs first,

3 b. has not been enrolled in or attended an elementary or
4 secondary private school in this state within eighteen
5 (18) months preceding the award of an educational
6 scholarship, and

7 c. during the immediately preceding school year, attended
8 or, by virtue of the location of the place of
9 residence of the student, was eligible to attend a
10 public school in a county in this state with a
11 population of more than four hundred fifty thousand
12 (450,000) according to the latest Federal Decennial
13 Census which had been identified for school
14 improvement for three (3) or more years as determined
15 by the State Board of Education pursuant to the
16 requirements of the No Child Left Behind Act of 2001,
17 P.L. No. 107-110;

18 2. "Educational scholarships" means grants of up to Five
19 Thousand Dollars (\$5,000.00) or eighty percent (80%) of average per
20 pupil expenditure, whichever is greater, to eligible students to
21 cover all or part of the tuition, fees, uniform costs if applicable,
22 reasonable meal costs and transportation costs of a qualified
23 private school, located within the geographic boundaries of the
24 school district of the residence of the student, which is accredited

1 by the State Board of Education or an accrediting association
2 approved by the Board pursuant to Section 3-104 of Title 70 of the
3 Oklahoma Statutes;

4 3. "Low-income eligible student" means an eligible student who
5 qualifies for a free or reduced-price lunch;

6 4. "Qualified school" means an elementary or secondary private
7 school in a county in this state with a population of more than four
8 hundred fifty thousand (450,000) according to the latest Federal
9 Decennial Census which is:

- 10 a. accredited by the State Board of Education or an
11 accrediting association approved by the Board pursuant
12 to Section 3-104 of Title 70 of the Oklahoma Statutes,
13 b. in compliance with all applicable health and safety
14 laws and codes,
15 c. has a stated policy against discrimination in
16 admissions on the basis of race, color, national
17 origin or disability, and
18 d. ensures academic accountability to parents and
19 guardians of students through regular progress
20 reports; and

21 5. "Scholarship-granting organization" means an organization
22 which:
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- 1 a. is a nonprofit entity exempt from taxation pursuant to
2 the provisions of the Internal Revenue Code, 26
3 U.S.C., Section 501(c)(3),
- 4 b. distributes periodic scholarship payments as checks
5 which are made out to both the parent or guardian of
6 the student and the qualified school where the student
7 is enrolled and then mailed to the qualified school
8 where the student is enrolled,
- 9 c. expends at least ninety percent (90%) of its annual
10 revenue on educational scholarships as defined in
11 paragraph 2 of this subsection. For purposes of this
12 paragraph, "annual revenue" means the total amount or
13 value of contributions received by an organization
14 from taxpayers awarded credits during the fiscal year
15 of the organization and all amounts earned from
16 interest or investments,
- 17 d. makes annual expenditures for educational scholarships
18 for low-income eligible students, as defined in
19 paragraph 3 of this subsection, in an amount equal to
20 the percentage of low-income eligible students in the
21 county where the scholarship-granting organization
22 provides the majority of its scholarships,
- 23
24

1 e. ensures that scholarships are portable during the
2 school year and can be used at any qualified school
3 that accepts the eligible student, and

4 f. has policies in place to:

5 (1) carry out criminal background checks on all
6 employees and board members to ensure that no
7 individual is involved with the organization who
8 might reasonably pose a risk to the appropriate
9 use of contributed funds,

10 (2) maintain full and accurate records with respect
11 to the receipt of contributions and expenditures
12 of those contributions and supply such records
13 and any other documentation required by the Tax
14 Commission to demonstrate financial
15 accountability,

16 (3) encourage the parents or guardians of students
17 receiving scholarships to choose a qualified
18 school in the area near the student's residence,
19 and

20 (4) assure fair and equal access for eligible
21 students by a lottery selection process for
22 scholarships when the amount of funding available
23 for full scholarship awards is insufficient to
24 fully fund scholarships for all applicants. When

1 there are insufficient funds the scholarship-
2 granting organization shall give scholarship
3 preference to eligible students based on the
4 following priority:

- 5 (a) earlier grade,
- 6 (b) qualifies for free lunch, or
- 7 (c) qualifies for reduced-price lunch.

8 D. There is hereby created within the State Treasury a special
9 fund for the Oklahoma Tax Commission to be designated the "New Hope
10 Scholarship Act Fund." The Oklahoma Tax Commission is hereby
11 authorized and directed to withhold a portion of the taxes levied
12 and collected pursuant to Section 2355 of Title 68 of the Oklahoma
13 Statutes for deposit into the fund. The amount deposited shall be
14 appropriate to pay the claims for the credit provided in subsection
15 B of this section. All of the amounts deposited in such fund shall
16 be used and expended by the Oklahoma Tax Commission solely for the
17 purpose of payment of the credits authorized by subsection B of this
18 section. The liability of the State of Oklahoma to make the credit
19 payments under subsection B of this section shall be limited to the
20 balance contained in the fund created by this section. Provided, no
21 claim for credit may be paid by the Tax Commission before July 1,
22 2009.

23 E. The credit provided in subsection B of this section shall be
24 perfected by a refund claim filed by the taxpayer who shall provide

1 evidence of the contribution satisfactory to the Oklahoma Tax
2 Commission. The Tax Commission shall provide the necessary forms
3 and instructions to taxpayers electing to make a refund claim as
4 provided herein.

5 F. If an individual claims a credit under this section and
6 later has any of the contributions made to an eligible scholarship-
7 granting organization for which the credit was claimed returned,
8 then the individual shall be required to add to the Oklahoma income
9 tax liability of the individual the amount of the credit claimed
10 pursuant to this section the following taxable year.

11 G. The Tax Commission shall promulgate rules necessary to
12 implement this section.

13 SECTION 2. This act shall become effective January 1, 2009.

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