

**BILL SUMMARY**  
1st Session of the 53rd Legislature

<b>Bill No.:</b>	<b>SB 969</b>
<b>Version:</b>	<b>CS</b>
<b>Request Number:</b>	<b>7497</b>
<b>Author:</b>	<b>Rep. Denney</b>
<b>Date:</b>	<b>4/20/2011</b>
<b>Impact:</b>	<b>Claimed Credits:</b>
	<b>FY-13: \$4.0 Million</b>
	<b>FY-14: \$11.0 Million</b>
	<b>(\$5.0 Million Annual Cap on Credits Earned)</b>

**Tax Commission Administrative Costs:**  
**Estimated \$115,546**

**Research Analysis**

The Committee Substitute for SB969 creates the “Oklahoma Equal Opportunity Education Scholarship Act”. The act would allow a tax credit equal to fifty percent (50%) of the total amount of contribution to a scholarship-granting organization not to exceed One Thousand Dollars (\$1,000.00) for each taxpayer or Two Thousand Dollars (\$2,000.00) for married filing jointly, or One Hundred Thousand Dollars (\$100,000.00) for any taxpayer which is a legal business entity. The total credit authorized shall not exceed One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000.00) annually. The measure further allows a credit to any taxpayer who makes a contribution to an eligible educational improvement grant organization not to exceed One thousand Dollars (\$1,000.00) to an individual taxpayer, Two Thousand Dollars (\$2,000.00) for married filing jointly, and One Hundred Thousand Dollars (\$100,000.00) to a business entity. The cap for this credit shall be \$1,500,000.00 annually. For any taxpayer who makes a commitment to contribute the same amount for two (2) additional years, the credit shall be equal to seventy-five percent (75%) of the amount of the contribution. Any tax credits earned from the effective date of this act through December 31, 2012 may not be claimed for any period prior to the taxable year beginning January 1, 2013 nor may it be used to file an amended tax return for any taxable year prior to the year beginning January 1, 2013.

For credits claimed during tax year 2014 and thereafter, a credit shall not be allowed for any contributions made to a scholarship-granting organization if that organization’s percentage of funds actually awarded is less than ninety percent (90%). If the annual cap amounts of the tax credits are exceeded in any calendar, the tax commission shall establish the proportionate share of the credit which may be claimed by each taxpayer. For purposes of this determination, any unused tax credit in one pool may be used to increase the cap of the other pool for allocation purposes.

Prepared By: Aron Storck and Alexandra Edwards

**Fiscal Analysis**

The Tax Commission is directed to maintain a listing of all credits reserved during each tax year. When the five million dollars (\$5.0 million), the maximum amount of credits available each year, is reached the Commission will notify all scholarship granting organizations that no

additional credits are available for the year. Should eligible claims exceed the cap, the Commission will determine each taxpayer's proportionate share of the total credit pool.

The measure allows \$5.0 million to be generated in tax years 2011 and in 2012, while claims may not be made until tax year 2013. The existence of qualified claims are assumed to sufficient to alter withholding and estimated pay remittances in tax year 2013 resulting in an FY-13 estimated revenue decrease of \$4.0 million. The remaining \$6.0 million in credits earned in tax years 2011 and 2012 plus \$5.0 million in credits earned in tax year 2013 are expected to be claimed in FY-14 (\$11.0 million).

Prepared By: Mark Tygret

### **Other Considerations**

The Tax Commission also estimates the need for two staff auditors for monitoring of the program, at a recurring cost of \$108,000 and one-time \$14,746 cost for equipment and IT programming, for an FY-12 administrative cost of \$115,746.