

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 54<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 2643</b>
<b>Version:</b>	<b>CS</b>
<b>Request Number:</b>	<b>10473</b>
<b>Author:</b>	<b>Rep. Denney</b>
<b>Date:</b>	<b>3/4/14</b>
<b>Impact:</b>	<b>Tax Commission: No Impact</b>

**Research Analysis**

HB2643 makes numerous changes to the Oklahoma Equal Opportunity Education Scholarship Act. The measure adds subchapter S corporations to the list of entities eligible for the credit and authorizes the allocation of the credit to the partners, shareholders, members or other equity owners of a pass-through entity.

Beginning tax year 2015, the credits will be distributed by the Tax Commission on a first-come, first serve basis subject to a \$3.5 million annual cap for donations to an eligible scholarship-granting organization and \$1.5 million annual cap for donations to an eligible educational improvement grant organization. The measure also increases the credit amount to 75% of total contributions if the individual makes a written commitment to contribute the same amount for two additional consecutive years.

Furthermore, the measure removes the requirement that scholarship-granting organizations or educational improvement grant organizations report information on each contribution received to the Tax Commission.

Prepared By: Quyen Do

**Fiscal Analysis**

Under this proposal, the total credits are allocated by the Tax Commission on a first-come, first-served basis for tax years beginning on or after January 1, 2015. The Tax Commission is no longer required to estimate the proportionate share of the credit. Also, scholarship-granting organizations and educational improvement grant organizations are no longer required to report to the Tax Commission information on each contribution accepted.

This measure adds Subchapter S corporations to those entities that are eligible for the credit. This measure authorizes the allocation of the credit to partners, shareholders, members and other equity owners of pass-through entities.<sup>1</sup> The credits claimed based on allocations to partners, shareholders, members and other equity owners of pass-through entities will no longer be limited to One Thousand Dollars (\$1,000) for each taxpayer or Two Thousand Dollars (\$2,000) for married taxpayers filing jointly.

This measure increases the *Credit for Contributions to a Scholarship-Granting Organization* to seventy-five percent (75%) of the amount donated for any taxpayer who makes a commitment to contribute the same amount for two (2) additional years.

The aggregate credits (for both corporate and individual taxpayers) cannot exceed \$3.5 million annually for donations to an eligible scholarship-granting organization and \$1.5 million annually for donations to an educational improvement grant organization.

***REVENUE IMPACT:***

No change to revenue is anticipated due to the enactment of this measure since the annual statutory caps remain unchanged.

Prepared By: Mark Tygret

**Other Considerations**

None.