

**OKLAHOMA TAX COMMISSION**

**FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** January 28, 2016

**BILL NUMBER:** SB 920 **STATUS AND DATE OF BILL:** Introduced 12/17/15

**AUTHORS:** House n/a Senate Mazzei & Quinn

**TAX TYPE (S):** Income Tax **SUBJECT:** Credit

**PROPOSAL:** Amendatory

SB 920 proposes to amend 68 O.S. § 2357.206 which relates to the Credit for Contributions to a Scholarship-Granting Organization / Credit for Contributions to an Educational Improvement Grant Organization. This measure proposes to not allow this credit for tax years beginning on or after January 1, 2018 unless the Oklahoma Legislature reauthorizes the credit after evaluation by the Incentive Evaluation Commission pursuant to O.S. 62 § 7004.

**EFFECTIVE DATE:** January 1, 2017

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 17: -0-

FY 18: -0-

**ADMINISTRATIVE IMPACT:**

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 17: No additional cost or savings to the Tax Commission are anticipated due to this proposed legislation.

Jan. 29, 2016  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

1-29-16  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

1/29/16  
DATE

Don Cook  
FOR THE COMMISSION

## ATTACHMENT TO FISCAL IMPACT – SB 920 [Introduced] Prepared January 28, 2016

SB 920 proposes to amend 68 O.S. § 2357.206 which relates to the Credit for Contributions to a Scholarship-Granting Organization / Credit for Contributions to an Educational Improvement Grant Organization. This measure proposes to not allow this credit for tax years beginning on or after January 1, 2018 unless the Oklahoma Legislature reauthorizes the credit after evaluation by the Incentive Evaluation Commission pursuant to O.S. 62 § 7004.

### Credit for Contributions to a Scholarship-Granting Organization

Under current law, an income tax credit is allowed for contributions to an eligible scholarship-granting organization. The credit is generally 50%<sup>1</sup> of the amount contributed, not to exceed \$1,000 for an individual (\$2,000 for a married filing joint return) or \$100,000 for a legal business entity. Tax credits which are allocated to an individual(s) by a pass-through entity are limited based on the total credit limitation of the pass-through entity and not by \$1,000 (or \$2,000) limitation for individuals. A “scholarship-granting organization” means a nonprofit organization, registered with the Oklahoma Tax Commission, which distributes scholarships so an eligible student or an eligible special needs student, can attend an elementary or secondary private school. The credit may be carried over for three (3) succeeding taxable years.

### Credit for Contributions to an Educational Improvement Grant Organization

Under current law, an income tax credit is allowed for contributions to an eligible scholarship-granting organization. The credit is generally 50%<sup>1</sup> of the amount contributed, not to exceed \$1,000 for an individual (\$2,000 for a married filing joint return) or \$100,000 for a legal business entity. Tax credits which are allocated to an individual(s) by a pass-through entity are limited based on the total credit limitation of the pass-through entity and not by \$1,000 (or \$2,000) limitation for individuals. An “educational improvement grant organization” means a nonprofit organization, registered with the Oklahoma Tax Commission, which contributes at least 90% of its annual receipts as grants to eligible public schools for innovative educational programs. An innovative educational program is an advanced academic or academic improvement program that is not part of the regular coursework of a public school but enhances the curriculum or academic program of the school or provides early childhood education programs to students. The credit may be carried over for three (3) succeeding taxable years.

There is no impact to income tax collections in FY17 or FY18 as a result of this measure. In order to estimate the *potential* fiscal impact of this proposal, preliminary data for tax year 2014 was analyzed. Based upon the preliminary data a total of \$486,000<sup>2</sup> was used to offset Oklahoma income for tax year 2014. No change to estimated tax or withholding is anticipated so the full impact ***could potentially occur*** in FY19 when tax year 2018 income tax returns are filed; should the legislature not reauthorize this credit.

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<sup>1</sup> Taxpayers who make an eligible contribution and make a written commitment to contribute the same amount for an additional year, the credit will be 75% of the amount of the contributions for each year.

<sup>2</sup> Preliminary Tax Year 2014 data suggests \$486,000 of these credits were used to reduce tax, with \$238,000 of unused credits available for carryover to subsequent tax years. These credits also have a combined cap of \$5 million per tax year.