

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 13, 2015

BILL NUMBER: SB 609 STATUS AND DATE OF BILL: Introduced 1/22/15

AUTHORS: House Nelson Senate Jolley

TAX TYPE (S): Income Tax SUBJECT: Exemption

PROPOSAL: Amendatory and New Law

SB 609 proposes to enact the *Oklahoma Education Empowerment Scholarship Act* which would exempt from Oklahoma income tax any monies received pursuant to the Oklahoma Education Empowerment Scholarship Savings Program established in 70 O.S. §§ 28-101 -109. This exemption is effective for tax years 2016 and subsequent tax years.

EFFECTIVE DATE: July 1, 2015 - Emergency

REVENUE IMPACT:

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

FY 16: -0-

FY 17: -0-

ADMINISTRATIVE IMPACT:

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

FY 16: No additional cost or savings to the Tax Commission due to this proposed legislation.

Feb. 13, 2014
DATE

Rick Miller
DIVISION DIRECTOR

mck

2-13-15
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/15/14
DATE

Don Carr
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 609 [Introduced] Prepared February 13, 2015

SB 609 proposes to enact the *Oklahoma Education Empowerment Scholarship Act* which would exempt from Oklahoma income tax any monies received pursuant to the Oklahoma Education Empowerment Scholarship Savings Program established in 70 O.S. §§ 28-101 -109. This exemption is effective for tax years 2016 and subsequent tax years.

Sections 1-9 are not Tax Commission related.

Section 1

Proposes to enact the *Oklahoma Education Empowerment Scholarship Act* (70 O.S. §28-101).

Section 2

Proposes to enact new law (70 O.S. §28-102) which provides definitions relating to the *Oklahoma Education Empowerment Scholarship Act*.

Section 3

Proposes to enact new law (70 O.S. §28-103) which would create a new program, the Oklahoma Education Empowerment Scholarship Savings Program, to provide an education empowerment scholarship and will provide a savings card for qualified expenditures to support the education of qualified students in this state. This section further outlines the responsibilities of parents or legal guardians to enroll students in the Oklahoma Education Empowerment Scholarship Savings Program

Section 4

Proposes to enact new law (70 O.S. §28-104) which outlines the duties of the State Treasurer regarding eligibility to be in the program as well as appellate procedures of parents/guardians of qualified students removed from the program.

Section 5

Proposes to enact new law (70 O.S. §28-105) which requires the State Treasurer to set an annual enrollment period for the Oklahoma Education Empowerment Scholarship Savings Program. This section further requires the State Treasurer to provide the names of the qualified students for the upcoming fiscal year to the State Department of Education. This section further requires the State Department of Education to transfer funds to the State Treasurer an equal to eighty percent (80%) of the total State Aid factors multiplied by the Grade Level Weight and the Student Category Weights that would be generated by each student for the applicable school year.

This section further requires the parent or legal guardian of a qualified student to submit receipts for expenditures to the Office of the State Treasurer upon request. All funds that are unused shall accrue to the following year to be provided for qualified expenses for that student. Any funds remaining to the credit of an education empowerment scholarship savings card by July 31 following graduation of the student will be transferred into an Oklahoma College Savings Plan account created in the name of the qualified student to be used for qualified higher education expenses as defined by Section 3970.3 of Title 70 of the Oklahoma Statutes.

Section 6

Proposes to enact new law (70 O.S. §28-106) requiring the remaining twenty percent (20%) of the

total State Aid factors multiplied by the Grade Level Weight and the Student Category Weights calculated in Section 5 above must be used by the State Department of Education to provide bonuses to teachers in the respective resident public school districts.

Section 7

Proposes to enact new law (70 O.S. §28-107) creating in the State Treasury a revolving fund for the Office of the State Treasurer to be designated the *Oklahoma Education Empowerment Scholarship Savings Revolving Fund*. All monies accruing to the credit of the fund are to be appropriated, budgeted and expended by the Office of the State Treasurer for the purpose of funding education empowerment scholarship savings cards. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

Section 8

Proposes to enact new law (70 O.S. §28-108) authorizing public school districts or charter schools to apply to the State Department of Education for a waiver from participating in the Oklahoma Education Empowerment Scholarship Savings Program if the district board of education provides evidence showing that the district's per-pupil State Aid funding would decrease if it accepted qualified students.

Section 9

Proposes to enact new law (70 O.S. §28-109) requiring the State Board of Education and the Office of the State Treasurer to promulgate rules necessary to implement the provisions the *Oklahoma Education Empowerment Scholarship Act*.

Section 10

Proposes to amend 68 O.S. § 2358 (E) by exempting from Oklahoma income tax any monies received pursuant to the Oklahoma Education Empowerment Scholarship Savings Program established by *Oklahoma Education Empowerment Scholarship Act*. This exemption is effective for tax years 2016 and subsequent tax years.

Under current federal law, it appears that this type of benefit is not subject to federal income tax and would therefore already be exempt from Oklahoma income tax. Therefore no additional impact is anticipated as a result of this measure.