

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend SB407 _____
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: Jon Echols

Reading Clerk

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 PROPOSED
4 COMMITTEE SUBSTITUTE
5 FOR ENGROSSED
6 SENATE BILL NO. 407

By: Rader and David of the
Senate

and

Echols of the House

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10 PROPOSED COMMITTEE SUBSTITUTE

11 An Act relating to revenue and taxation; amending 68
12 O.S. 2011, Section 2357.206, as last amended by
13 Section 1, Chapter 288, O.S.L. 2017 (68 O.S. Supp.
14 2018, Section 2357.206), which relates to income tax
15 credits for contributions made to certain education
16 improvement grant or scholarship-granting
17 organizations; prescribing treatment of certain
18 suspended tax credits; imposing certain duties on
19 Oklahoma Tax Commission; providing for income tax
20 credit based upon contributions to eligible public
21 school districts; specifying amount of tax credit;
22 imposing limitation on tax credit amounts; providing
23 for determination of proportionate share of tax
24 credit; providing for increase in tax credit amount
based upon certain commitment; prescribing procedures
related to commitment; providing for allocability of
tax credits to certain equity owners; requiring
accounting through the Oklahoma Cost Accounting
System; providing for income tax credit based upon
contributions to eligible public school foundation;
specifying amount of tax credit; imposing limitation
on tax credit amounts; providing for determination of
proportionate share of tax credit; providing for
increase in tax credit amount based upon certain
commitment; prescribing procedures related to
commitment; providing for allocability of tax credits
to certain equity owners; requiring certain reports;

1 modifying maximum amount of tax credits; imposing
2 limitation related to school districts; modifying
3 provisions related to certain contributions for
4 scholarships; modifying definitions; modifying
5 provisions related to reports by certain entities;
6 requiring scholarship-granting organizations to make
7 certain annual reports; prescribing content of
8 reports; requiring Tax Commission to publish certain
9 information; requiring scholarship-granting
10 organization to submit annual verification; and
11 providing an effective date.

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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.206, as
last amended by Section 1, Chapter 288, O.S.L. 2017 (68 O.S. Supp.
2018, Section 2357.206), is amended to read as follows:

Section 2357.206 A. This act shall be known and may be cited
as the "Oklahoma Equal Opportunity Education Scholarship Act".

B. 1. Except as provided in subsection ~~F~~ G of this section,
after August 26, 2011, there shall be allowed a credit for any
taxpayer who makes a contribution to an eligible scholarship-
granting organization. The credit shall be equal to fifty percent
(50%) of the total amount of contributions made during a taxable
year, not to exceed One Thousand Dollars (\$1,000.00) for single
individuals, Two Thousand Dollars (\$2,000.00) for married
individuals filing jointly, or One Hundred Thousand Dollars
(\$100,000.00) for any taxpayer which is a legal business entity
including limited and general partnerships, corporations, subchapter

1 S corporations and limited liability companies, plus any suspended
2 credits pursuant to subparagraph c of paragraph 2 of subsection J of
3 this section; provided, if total credits claimed pursuant to this
4 paragraph exceed the caps established pursuant to paragraph 1 of
5 subsection ~~D~~ F of this section, the credit shall be equal to the
6 taxpayer's proportionate share of the cap for the taxable year, as
7 determined pursuant to subsection ~~H~~ J of this section.

8 2. For any taxpayer who makes a contribution to an eligible
9 scholarship-granting organization and makes a written commitment to
10 contribute the same amount for an additional year, the credit for
11 the first year and the additional year shall be equal to seventy-
12 five percent (75%) of the total amount of the contribution made
13 during a taxable year, not to exceed the amounts established in
14 paragraph 1 of this subsection for the taxable year in which the
15 credit provided in this subsection is claimed. The taxpayer shall
16 provide evidence of the written commitment to the Oklahoma Tax
17 Commission at the time of filing the refund claim.

18 3. The credits authorized pursuant to the provisions of this
19 subsection shall be allocable to the partners, shareholders, members
20 or other equity owners of a taxpayer that is authorized to be
21 treated as a partnership for purposes of federal income tax
22 reporting for the taxable year for which the tax credits authorized
23 by this subsection are claimed on the applicable return, together
24 with required schedules, forms or reports of the partners,

1 shareholders, members or other equity owners of the taxpayer. Tax
2 credits which are allocated to such equity owners shall only be
3 limited in amount for the income tax return of a natural person or
4 persons based upon the limitation of the total credit amount to the
5 entity from which the tax credits have been allocated and shall not
6 be limited to One Thousand Dollars (\$1,000.00) for single
7 individuals or limited to Two Thousand Dollars (\$2,000.00) for
8 married persons filing a joint return.

9 4. On or before December 31, 2017, and once every four (4)
10 years thereafter, such scholarship-granting organization and
11 educational improvement ~~granting~~ grant organization shall submit to
12 the Oklahoma Tax Commission, Governor, President Pro Tempore of the
13 Senate and the Speaker of the House of Representatives, an audited
14 financial statement for the organization along with information
15 detailing the benefits, successes or failures of the program. The
16 Tax Commission shall publish and make publicly available on its
17 website the financial statement and information submitted pursuant
18 to this paragraph.

19 C. 1. Except as provided in subsection ~~F~~ G of this section,
20 after August 26, 2011, there shall be allowed a credit for any
21 taxpayer who makes a contribution to an eligible educational
22 improvement grant organization. The credit shall be equal to fifty
23 percent (50%) of the total amount of contributions made during a
24 taxable year, not to exceed One Thousand Dollars (\$1,000.00) for

1 single individuals, Two Thousand Dollars (\$2,000.00) for married
2 individuals filing jointly, or One Hundred Thousand Dollars
3 (\$100,000.00) for any taxpayer which is a legal business entity
4 including limited and general partnerships, corporations, subchapter
5 S corporations and limited liability companies, plus any suspended
6 credits pursuant to subparagraph c of paragraph 2 of subsection J of
7 this section; provided, if total credits claimed pursuant to this
8 paragraph exceed the cap established pursuant to paragraph ~~4~~ 2 of
9 subsection ~~D~~ F of this section, the credit shall be equal to the
10 taxpayer's proportionate share of the cap for the taxable year, as
11 determined pursuant to subsection ~~H~~ J of this section.

12 2. For any taxpayer who makes a contribution to an eligible
13 educational improvement grant organization and makes a written
14 commitment to contribute the same amount for an additional year, the
15 credit for the first year and the additional year shall be equal to
16 seventy-five percent (75%) of the total amount of the contribution
17 made during a taxable year, not to exceed the amounts established in
18 paragraph ~~4~~ 2 of subsection F of this subsection section for the
19 taxable year in which the credit provided in this subsection is
20 claimed; provided, if total credits claimed pursuant to this
21 paragraph exceed the cap established pursuant to paragraph 3 of this
22 subsection, the credit shall be equal to the taxpayer's
23 proportionate share of the cap for the taxable year, as determined
24 pursuant to subsection ~~H~~ J of this section. The taxpayer shall

1 provide evidence of the written commitment to the Oklahoma Tax
2 Commission at the time of filing the refund claim.

3 3. The credits authorized pursuant to the provisions of this
4 subsection shall be allocable to the partners, shareholders, members
5 or other equity owners of a taxpayer that is authorized to be
6 treated as a partnership for purposes of federal income tax
7 reporting for the taxable year for which the tax credits authorized
8 by this subsection are claimed on the applicable return, together
9 with required schedules, forms or reports of the partners,
10 shareholders, members or other equity owners of the taxpayer. Tax
11 credits which are allocated to such equity owners shall only be
12 limited in amount for the income tax return of a natural person or
13 persons based upon the limitation of the total credit amount to the
14 entity from which the tax credits have been allocated and shall not
15 be limited to One Thousand Dollars (\$1,000.00) for single
16 individuals or limited to Two Thousand Dollars (\$2,000.00) for
17 married persons filing a joint return.

18 D. 1. On or after the effective date of this act there shall
19 be allowed a credit for any taxpayer who makes a contribution to an
20 eligible public school district. The credit shall be equal to fifty
21 percent (50%) of the total amount of contributions made during a
22 taxable year, not to exceed One Thousand Dollars (\$1,000.00) for
23 single individuals, Two Thousand Dollars (\$2,000.00) for married
24 individuals filing jointly or One Hundred Thousand Dollars

1 (\$100,000.00) for any taxpayer which is a legal business entity
2 including limited and general partnerships, corporations, subchapter
3 S corporations and limited liability companies; provided, if total
4 credits claimed pursuant to this paragraph exceed the caps
5 established pursuant to paragraph 2 of subsection F of this section,
6 the credit shall be equal to the taxpayer's proportionate share of
7 the cap for the taxable year, as determined pursuant to subsection J
8 of this section.

9 2. For any taxpayer who makes a contribution to an eligible
10 public school district and makes a written commitment to contribute
11 the same amount for an additional year, the credit for the first
12 year and the additional year shall be equal to seventy-five percent
13 (75%) of the total amount of the contribution made during a taxable
14 year, not to exceed the amounts established in paragraph 2 of
15 subsection F of this section for the taxable year in which the
16 credit provided in this subsection is claimed. The taxpayer shall
17 provide evidence of the written commitment to the Oklahoma Tax
18 Commission at the time of filing the refund claim.

19 3. The credits authorized pursuant to the provisions of this
20 subsection shall be allocable to the partners, shareholders, members
21 or other equity owners of a taxpayer that is authorized to be
22 treated as a partnership for purposes of federal income tax
23 reporting for the taxable year for which the tax credits authorized
24 by this subsection are claimed on the applicable return, together

1 with required schedules, forms or reports of the partners,
2 shareholders, members or other equity owners of the taxpayer. Tax
3 credits which are allocated to such equity owners shall only be
4 limited in amount for the income tax return of a natural person or
5 persons based upon the limitation of the total credit amount to the
6 entity from which the tax credits have been allocated and shall not
7 be limited to One Thousand Dollars (\$1,000.00) for single
8 individuals or limited to Two Thousand Dollars (\$2,000.00) for
9 married persons filing a joint return.

10 4. Each eligible public school district to which contributions
11 have been made for purposes of the tax credit authorized by this
12 subsection shall annually account for all revenue and expenditures
13 through the Oklahoma Cost Accounting System (OCAS).

14 E. 1. On or after the effective date of this act, there shall
15 be allowed a credit for any taxpayer who makes a contribution to an
16 eligible public school foundation. The credit shall be equal to
17 fifty percent (50%) of the total amount of contributions made during
18 a taxable year, not to exceed One Thousand Dollars (\$1,000.00) for
19 single individuals, Two Thousand Dollars (\$2,000.00) for married
20 individuals filing jointly or One Hundred Thousand Dollars
21 (\$100,000.00) for any taxpayer which is a legal business entity
22 including limited and general partnerships, corporations, subchapter
23 S corporations and limited liability companies; provided, if total
24 credits claimed pursuant to this paragraph exceed the caps

1 established pursuant to paragraph 2 of subsection F of this section,
2 the credit shall be equal to the taxpayer's proportionate share of
3 the cap for the taxable year, as determined pursuant to subsection J
4 of this section.

5 2. For any taxpayer who makes a contribution to an eligible
6 public school foundation and makes a written commitment to
7 contribute the same amount for an additional year, the credit for
8 the first year and the additional year shall be equal to seventy-
9 five percent (75%) of the total amount of the contribution made
10 during a taxable year, not to exceed the amounts established in
11 paragraph 2 of subsection F of this section for the taxable year in
12 which the credit provided in this subsection is claimed. The
13 taxpayer shall provide evidence of the written commitment to the
14 Oklahoma Tax Commission at the time of filing the refund claim.

15 3. The credits authorized pursuant to the provisions of this
16 subsection shall be allocable to the partners, shareholders, members
17 or other equity owners of a taxpayer that is authorized to be
18 treated as a partnership for purposes of federal income tax
19 reporting for the taxable year for which the tax credits authorized
20 by this subsection are claimed on the applicable return, together
21 with required schedules, forms or reports of the partners,
22 shareholders, members or other equity owners of the taxpayer. Tax
23 credits which are allocated to such equity owners shall only be
24 limited in amount for the income tax return of a natural person or

1 persons based upon the limitation of the total credit amount to the
2 entity from which the tax credits have been allocated and shall not
3 be limited to One Thousand Dollars (\$1,000.00) for single
4 individuals or limited to Two Thousand Dollars (\$2,000.00) for
5 married persons filing a joint return.

6 4. On or before December 31, 2020, and once every four (4)
7 years thereafter, such eligible public school foundation shall
8 submit to the Governor, President Pro Tempore of the Senate and the
9 Speaker of the House of Representatives an audited financial
10 statement for the organization along with information detailing the
11 benefits, successes or failures of the programs.

12 F. Except as otherwise provided pursuant to subsection ~~H~~ J of
13 this section, for tax years ~~2017~~ 2019 and thereafter:

14 1. The total credits authorized pursuant to subsection B of
15 this section for all taxpayers shall not exceed ~~Three Million Five~~
16 ~~Hundred Thousand Dollars (\$3,500,000.00)~~ Fifteen Million Dollars
17 (\$15,000,000.00) annually;

18 2. The total credits authorized pursuant to ~~subsection~~
19 subsections C, D and E of this section for all taxpayers shall not
20 exceed ~~One Million Five Hundred Thousand Dollars (\$1,500,000.00)~~
21 Fifteen Million Dollars (\$15,000,000.00) annually and shall be
22 limited to One Hundred Thousand Dollars (\$100,000.00) of credits per
23 public school district annually; and

1 3. The cap on total credits provided for in this subsection
2 shall be allocated by the Tax Commission as provided in subsection ~~H~~
3 J of this section.

4 ~~F.~~ G. For credits claimed for eligible contributions made
5 during tax year 2014 and thereafter, a credit shall not be allowed
6 by the Oklahoma Tax Commission for contributions made to a
7 scholarship-granting organization or an educational improvement
8 grant organization if that organization's percentage of funds
9 actually awarded is less than ninety percent (90%). For purposes of
10 this section, the "percentage of funds actually awarded" shall be
11 determined by dividing the total amount of funds actually awarded as
12 educational scholarships or educational improvement grants over the
13 most recent twenty-four (24) months by the total amount available to
14 award as educational scholarships or educational improvement grants
15 over the most recent twenty-four (24) months.

16 ~~F.~~ H. Any tax credits which are earned by a taxpayer pursuant
17 to this section during the time period beginning on the effective
18 date of this act through December 31, 2012, may not be claimed for
19 any period prior to the taxable year beginning January 1, 2013. No
20 credits which accrue during the time period beginning on the
21 effective date of this act through December 31, 2012, may be used to
22 file an amended tax return for any taxable year prior to the taxable
23 year beginning January 1, 2013.

24 ~~G.~~ I. As used in this section:

1 1. "Eligible student" means a child of school age who is
2 lawfully present in the United States and who is a member of a
3 household in which the total annual income during the preceding tax
4 year does not exceed an amount equal to three hundred percent (300%)
5 of the income standard used to qualify for a free or ~~reduced~~
6 reduced-price school lunch or who, during the immediately preceding
7 school year, attended or, by virtue of the location of such
8 student's place of residence, was eligible to attend a public school
9 in this state which has been identified for school improvement as
10 determined by the State Board of Education pursuant to the
11 requirements of the No Child Left Behind Act of 2001, P.L. No. 107-
12 110. Once a student has received an educational scholarship, as
13 defined in paragraph 3 of this subsection, the student and any
14 siblings who are members of the same household shall remain eligible
15 until they graduate from high school or reach twenty-one (21) years
16 of age, whichever occurs first;

17 2. "Eligible special needs student" means a child who has been
18 provided services under an Individual Family Service Plan through
19 the SoonerStart program and during transition was evaluated and
20 determined to be eligible for school district services, a child of
21 school age who has attended public school in our state with an
22 individualized education program pursuant to the Individuals With
23 Disabilities Education Act, 20 U.S.C.A., Section 1400 et seq. or a
24 child who has been diagnosed by a clinical professional as having a

1 significant disability that will affect learning and who has been
2 approved by the board of a scholarship-granting organization;

3 3. "Educational scholarships" means:

- 4 a. scholarships to an eligible student of up to Five
5 Thousand Dollars (\$5,000.00) or eighty percent (80%)
6 of the statewide annual average per-pupil expenditure
7 as determined by the National Center for Education
8 Statistics, U.S. Department of Education, whichever is
9 greater, to cover all or part of the tuition, fees and
10 transportation costs of a qualified school which is
11 accredited by the State Board of Education or an
12 accrediting association approved by the Board pursuant
13 to Section 3-104 of Title 70 of the Oklahoma Statutes,
- 14 b. scholarships to an eligible student of up to Five
15 Thousand Dollars (\$5,000.00) or eighty percent (80%)
16 of the statewide annual average per-pupil expenditure
17 as determined by the National Center for Education
18 Statistics, U.S. Department of Education, whichever is
19 greater, to cover the educational costs of a qualified
20 school which does not charge tuition, which enrolls
21 special populations of students and which is
22 accredited by the State Board of Education or an
23 accrediting association approved by the Board pursuant
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1 to Section 3-104 of Title 70 of the Oklahoma Statutes,
2 ~~or~~

3 c. scholarships to an eligible special needs student of
4 up to Twenty-five Thousand Dollars (\$25,000.00) to
5 cover all or part of the tuition, fees and
6 transportation costs of a qualified school for
7 eligible special needs students which is accredited by
8 the State Board of Education or an accrediting
9 association approved by the Board pursuant to Section
10 3-104 of Title 70 of the Oklahoma Statutes, or

11 d. scholarships to a low-income eligible student of up to
12 Five Thousand Dollars (\$5,000.00) or ninety percent
13 (90%) of the statewide annual average per-pupil
14 expenditure as determined by the National Center for
15 Education Statistics, U.S. Department of Education,
16 whichever is greater, to cover all or part of the
17 tuition, fees and transportation costs of a qualified
18 school which is accredited by the State Board of
19 Education or an accrediting association approved by
20 the Board pursuant to Section 3-104 of Title 70 of the
21 Oklahoma Statutes;

22 4. "Low-income eligible student" means an eligible student or
23 eligible special needs student who qualifies for a free or reduced-
24 price lunch;

1 5. "Qualified school" means an early childhood, elementary or
2 secondary private school in this state, including schools which
3 provide special educational programs for three-year-olds or
4 prekindergarten educational programs for four-year-olds, which:

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

16 6. "Qualified school for eligible special needs students" means
17 an early childhood, elementary or secondary private school in a
18 county in this state, including schools which provide special
19 educational programs for three-year-olds or prekindergarten
20 educational programs for four-year-olds;

21 7. "Scholarship-granting organization" means an organization
22 which:
23
24

- 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 made out to an eligible student's or eligible special
6 needs student's parent or guardian and mailed to the
7 qualified school where the student is enrolled,
- 8 c. spends no more than ten percent (10%) of its annual
9 revenue on expenditures other than educational
10 scholarships as defined in paragraph 3 of this
11 subsection,
- 12 d. spends each year a portion of its expenditures on
13 educational scholarships for low-income eligible
14 students, as defined in paragraph 4 of this
15 subsection, in an amount equal to or greater than the
16 percentage of low-income eligible students in the
17 state,
- 18 e. ensures that scholarships are portable during the
19 school year and can be used at any qualified school
20 that accepts the eligible student or at any qualified
21 school for special needs students that accepts the
22 eligible special needs student,
- 23 f. registers with the Oklahoma Tax Commission as a
24 scholarship-granting organization, and

1 g. has policies in place to:

- 2 (1) carry out criminal background checks on all
3 employees and board members to ensure that no
4 individual is involved with the organization who
5 might reasonably pose a risk to the appropriate
6 use of contributed funds, and
7 (2) maintain full and accurate records with respect
8 to the receipt of contributions and expenditures
9 of those contributions and supply such records
10 and any other documentation required by the Tax
11 Commission to demonstrate financial
12 accountability;

13 8. "Annual revenue" means the total amount or value of
14 contributions received by an organization from taxpayers awarded
15 credits during the organization's fiscal year and all amounts earned
16 from interest or investments;

17 9. "Public school" means public schools as defined in Section
18 1-106 of Title 70 of the Oklahoma Statutes;

19 10. "Eligible public school district" means any public school
20 ~~that is not located within a ten-mile radius of a qualified school~~
21 ~~in this state, or any public school that is located within a ten-~~
22 ~~mile radius of a qualified school in this state but offers grade-~~
23 ~~level instruction different from the qualified school or any public~~
24 ~~school located within a public school district with fewer than four~~

1 ~~thousand five hundred (4,500) students~~ district as defined in
2 Section 1-108 of Title 70 of the Oklahoma Statutes;

3 11. "Early childhood education program" means a special
4 educational program for eligible special needs students who are
5 three (3) years of age or a prekindergarten educational program
6 provided to children who are at least four (4) years of age but not
7 more than five (5) years of age on or before September 1;

8 12. "Innovative educational program" means an advanced academic
9 or academic improvement program that is not part of the regular
10 coursework of a public school but that enhances the curriculum or
11 academic program of the school or provides early childhood education
12 programs to students;

13 13. "Educational improvement grant" means a grant to an
14 eligible public school to implement an innovative educational
15 program for students, including the ability for multiple public
16 schools to make an application and be awarded a grant to jointly
17 provide an innovative educational program; ~~and~~

18 14. "Educational improvement grant organization" means an
19 organization which:

- 20 a. is a nonprofit entity exempt from taxation pursuant to
21 the provisions of the Internal Revenue Code, 26
22 U.S.C., Section 501(c)(3), and
23 b. contributes at least ninety percent (90%) of its
24 annual receipts as grants to eligible schools for

1 innovative educational programs. For purposes of this
2 subparagraph, an educational improvement grant
3 organization contributes its annual cash receipts when
4 it expends or otherwise irrevocably encumbers those
5 funds for expenditure during the then current fiscal
6 year of the organization or during the next succeeding
7 fiscal year of the organization; and

8 15. "Eligible public school foundation" means a nonprofit
9 entity formed pursuant to Oklahoma law but which is exempt from
10 federal income taxation pursuant to either Section 501(c)(3) or
11 Section 509(a) of the Internal Revenue Code of 1986, as amended.

12 Each public school foundation must be approved by the local board of
13 education prior to accepting qualifying donations.

14 H. J. Total credits authorized by this section shall be
15 allocated as follows:

16 1. By January 10 of the year immediately following each
17 calendar year, a scholarship-granting organization ~~or,~~ an
18 educational improvement grant organization, a public school district
19 or an eligible public school foundation which accepts contributions
20 pursuant to this section shall provide electronically to the Tax
21 Commission information on each contribution accepted during such
22 taxable year. At least once each taxable year, the ~~scholarship-~~
23 ~~granting organization or the educational improvement grant~~
24 ~~organization~~ entity making the report shall notify each contributor

1 that Oklahoma law provides for a total, statewide cap on the amount
2 of income tax credits allowed annually;

3 2. a. If the Tax Commission determines the total combined
4 credits claimed for contributions made to scholarship-
5 granting organizations during the most recently
6 completed calendar year by all taxpayers are in excess
7 of the statewide caps provided in paragraph 1 of
8 subsection ~~D~~ F of this section, the Tax Commission
9 shall first allocate any amount of credits not claimed
10 for contributions made to ~~educational improvement-~~
11 ~~granting~~ organizations authorized pursuant to
12 subsections C, D and E of this section, then shall
13 determine the percentage of the contribution which
14 establishes the proportionate share of the credit
15 which may be claimed by any taxpayer so that the total
16 maximum credits authorized by this section are not
17 exceeded.

18 b. If the Tax Commission determines the total combined
19 credits claimed for contributions made to ~~educational~~
20 ~~improvement grant~~ organizations authorized pursuant to
21 subsections C, D and E of this section during the most
22 recently completed calendar year by all taxpayers are
23 in excess of the statewide caps provided in paragraph
24 2 of subsection ~~D~~ F of this section, the Tax

1 Commission shall first allocate any amount of credits
2 not claimed for contributions made to scholarship-
3 granting organizations, then shall determine the
4 percentage of the contribution which establishes the
5 proportionate share of the credit which may be claimed
6 by any taxpayer so that the maximum credits authorized
7 by this section are not exceeded.

8 c. Beginning for tax year 2016, credits earned, but not
9 allowed due to the application of statewide caps
10 provided in subsection ~~D~~ F of this section will be
11 considered suspended and authorized to be used in the
12 next immediate tax year and applied to the next year's
13 statewide cap; and

14 3. The Tax Commission shall publish the percentage of the
15 contribution which may be claimed as a credit by contributors for
16 the most recently completed calendar year on the Tax Commission
17 website no later than February 15 of each calendar year for
18 contributions made the previous year. Each ~~scholarship-granting~~
19 ~~organization or educational improvement grant~~ organization pursuant
20 to subsections B, C, D and E of this section shall notify
21 contributors of that amount annually.

22 ~~I. The credit~~ K. No tax credits authorized by this section
23 shall ~~not~~ be used to reduce the tax liability of the taxpayer to
24 less than zero (0).

1 ~~J.~~ L. Any credits authorized by this section allowed but not
2 used in any tax year may be carried over, in order, to each of the
3 three (3) years following the year of qualification.

4 ~~K.~~ M. 1. In order to qualify under this section, ~~an~~
5 ~~educational improvement grant~~ each organization pursuant to
6 subsections C and E of this section shall submit an application with
7 information to the Oklahoma Tax Commission on a form prescribed by
8 the Tax Commission that:

9 a. enables the Tax Commission to confirm that the
10 organization is a nonprofit entity exempt from
11 taxation pursuant to the provisions of the Internal
12 Revenue Code, 26 U.S.C., Section 501(c)(3) or Section
13 509(a), and

14 b. describes the proposed innovative educational program
15 or programs supported by the organization.

16 2. The Tax Commission shall review and approve or disapprove
17 the application, in consultation with the State Department of
18 Education.

19 3. In order to maintain eligibility under this section, ~~an~~
20 ~~educational improvement grant~~ organization pursuant to subsections C
21 and E of this section shall annually report the following
22 information to the Tax Commission by September 1 of each year:

23 a. the name of the innovative educational program or
24 programs and the total amount of the grant or grants

1 made to those programs during the immediately
2 preceding school year,

3 b. a description of how each grant was utilized during
4 the immediately preceding school year and a
5 description of any demonstrated or expected innovative
6 educational improvements,

7 c. the names of the public school and school districts
8 where innovative educational programs that received
9 grants during the immediately preceding school year
10 were implemented,

11 d. where the organization collects information on a
12 county-by-county basis, and

13 e. the total number and total amount of grants made
14 during the immediately preceding school year for
15 innovative educational programs at public school by
16 each county in which the organization made grants.

17 4. The information required under paragraph 3 of this
18 subsection shall be submitted on a form provided by the Tax
19 Commission. No later than May 1 of each year, the Tax Commission
20 shall annually distribute sample forms together with the forms on
21 which the reports are required to be made to each approved
22 organization.

1 5. The Tax Commission shall not require any other information
2 be provided by an organization, except as expressly authorized in
3 this section.

4 ~~L.~~ N. 1. Beginning in 2020 for the 2019-2020 academic year, in
5 order to maintain registration, a scholarship-granting organization
6 shall annually report to the Tax Commission by September 1 of each
7 year the following information regarding the educational
8 scholarships funded by the organization in the previous academic
9 year:

- 10 a. the name and address of the scholarship-granting
11 organization,
- 12 b. the names of the qualifying schools that received
13 funding for educational scholarships, the total amount
14 of funds paid to each qualifying school and the total
15 number of scholarship recipients enrolled in each
16 qualifying school,
- 17 c. the total number and total dollar amount of
18 contributions received during the previous academic
19 year,
- 20 d. the total number and total dollar amount of
21 educational scholarships awarded and funded during the
22 previous academic year,
- 23 e. the total number, total dollar amount and percentage
24 of educational scholarships awarded and funded during

1 the previous academic year disaggregated into the
2 following categories:

3 (1) students who qualify for the federal free and
4 reduced-price lunch program,

5 (2) students who during the immediately preceding
6 school year attended or who were eligible by
7 virtue of the residence of the student to attend
8 a public school in the state which was identified
9 for school improvement by the State Board of
10 Education,

11 (3) eligible special needs students, and

12 (4) students who were first-time recipients of a
13 scholarship, including information about the type
14 of public or private school the student was
15 enrolled in during the entire previous academic
16 year,

17 f. the percentage of the total amount of education
18 scholarship expenditures spent on low-income eligible
19 students,

20 g. the percentage of annual revenue received by the
21 organization from donations which qualify for tax
22 credits pursuant to this section which was not
23 expended on scholarships, and

24

1 h. disaggregated data reported under this subsection
2 shall be reported in accordance with the Student Data
3 Accessibility, Transparency and Accountability Act of
4 2013, Section 3-168 of Title 70 of the Oklahoma
5 Statutes, and The Family Educational Rights and
6 Privacy Act of 1974 (FERPA) 20 U.S.C., Section 1232g.

7 2. The Tax Commission shall publish and make available on its
8 website:

9 a. the information submitted by the scholarship-granting
10 organization pursuant to paragraph 1 of this
11 subsection,

12 b. a list of participating schools, and

13 c. all other application information submitted to the Tax
14 Commission by a scholarship-granting organization,
15 except that information which would violate the
16 privacy of an individual.

17 3. A scholarship-granting organization shall annually submit
18 verification to the Tax Commission that the organization still meets
19 the criteria set forth in paragraph 7 of subsection I of this
20 section.

21 O. In consultation with the State Department of Education, the
22 Tax Commission shall promulgate rules necessary to implement this
23 act. The rules shall include procedures for the registration of a
24 scholarship-granting organization ~~or~~, an educational improvement

1 grant organization or a public school foundation for purposes of
2 determining if the organization meets the requirements of this act
3 or for the revocation of the registration of an organization, if
4 applicable, and for notice as required in subsection # J of this
5 section.

6 SECTION 2. This act shall become effective November 1, 2019.

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