

1 STATE OF OKLAHOMA

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

3 COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL NO. 407

By: Rader and David of the  
Senate

6 and

7 Echols of the House

8  
9  
10 COMMITTEE SUBSTITUTE

11 [ revenue and taxation - income tax credits -  
12 education improvement grants - scholarship-granting  
13 organizations - limitations - effective date ]  
14  
15  
16

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

18 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.206, as  
19 last amended by Section 1, Chapter 288, O.S.L. 2017 (68 O.S. Supp.  
20 2018, Section 2357.206), is amended to read as follows:

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

23 B. 1. Except as provided in subsection ~~F~~ G of this section,  
24 after August 26, 2011, there shall be allowed a credit for any

1 taxpayer who makes a contribution to an eligible scholarship-  
2 granting organization. The credit shall be equal to fifty percent  
3 (50%) of the total amount of contributions made during a taxable  
4 year, not to exceed One Thousand Dollars (\$1,000.00) for single  
5 individuals, Two Thousand Dollars (\$2,000.00) for married  
6 individuals filing jointly, or One Hundred Thousand Dollars  
7 (\$100,000.00) for any taxpayer which is a legal business entity  
8 including limited and general partnerships, corporations, subchapter  
9 S corporations and limited liability companies, plus any suspended  
10 credits pursuant to subparagraph c of paragraph 2 of subsection J of  
11 this section; provided, if total credits claimed pursuant to this  
12 paragraph exceed the caps established pursuant to paragraph 1 of  
13 subsection D F of this section, the credit shall be equal to the  
14 taxpayer's proportionate share of the cap for the taxable year, as  
15 determined pursuant to subsection H J of this section.

16 2. For any taxpayer who makes a contribution to an eligible  
17 scholarship-granting organization and makes a written commitment to  
18 contribute the same amount for an additional year, the credit for  
19 the first year and the additional year shall be equal to seventy-  
20 five percent (75%) of the total amount of the contribution made  
21 during a taxable year, not to exceed the amounts established in  
22 paragraph 1 of this subsection for the taxable year in which the  
23 credit provided in this subsection is claimed. The taxpayer shall  
24

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 4. On or before December 31, 2017, and once every four (4)  
19 years thereafter, such scholarship-granting organization and  
20 educational improvement ~~granting~~ grant organization shall submit to  
21 the Oklahoma Tax Commission, Governor, President Pro Tempore of the  
22 Senate and the Speaker of the House of Representatives, an audited  
23 financial statement for the organization along with information  
24 detailing the benefits, successes or failures of the program. The

1 Tax Commission shall publish and make publicly available on its  
2 website the financial statement and information submitted pursuant  
3 to this paragraph.

4 C. 1. Except as provided in subsection ~~F~~ G of this section,  
5 after August 26, 2011, there shall be allowed a credit for any  
6 taxpayer who makes a contribution to an eligible educational  
7 improvement grant organization. The credit shall be equal to fifty  
8 percent (50%) of the total amount of contributions made during a  
9 taxable year, not to exceed One Thousand Dollars (\$1,000.00) for  
10 single individuals, Two Thousand Dollars (\$2,000.00) for married  
11 individuals filing jointly, or One Hundred Thousand Dollars  
12 (\$100,000.00) for any taxpayer which is a legal business entity  
13 including limited and general partnerships, corporations, subchapter  
14 S corporations and limited liability companies, plus any suspended  
15 credits pursuant to subparagraph c of paragraph 2 of subsection J of  
16 this section; provided, if total credits claimed pursuant to this  
17 paragraph exceed the cap established pursuant to paragraph ~~4~~ 2 of  
18 subsection ~~D~~ F of this section, the credit shall be equal to the  
19 taxpayer's proportionate share of the cap for the taxable year, as  
20 determined pursuant to subsection ~~H~~ J of this section.

21 2. For any taxpayer who makes a contribution to an eligible  
22 educational improvement grant organization and makes a written  
23 commitment to contribute the same amount for an additional year, the  
24 credit for the first year and the additional year shall be equal to

1 seventy-five percent (75%) of the total amount of the contribution  
2 made during a taxable year, not to exceed the amounts established in  
3 paragraph ~~4~~ 2 of subsection F of this ~~subsection~~ section for the  
4 taxable year in which the credit provided in this subsection is  
5 claimed; provided, if total credits claimed pursuant to this  
6 paragraph exceed the cap established pursuant to paragraph 3 of this  
7 subsection, the credit shall be equal to the taxpayer's  
8 proportionate share of the cap for the taxable year, as determined  
9 pursuant to subsection ~~H~~ J of this section. The taxpayer shall  
10 provide evidence of the written commitment to the Oklahoma Tax  
11 Commission at the time of filing the refund claim.

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

1 individuals or limited to Two Thousand Dollars (\$2,000.00) for  
2 married persons filing a joint return.

3 D. 1. On or after the effective date of this act there shall  
4 be allowed a credit for any taxpayer who makes a contribution to an  
5 eligible public school district. The credit shall be equal to fifty  
6 percent (50%) of the total amount of contributions made during a  
7 taxable year, not to exceed One Thousand Dollars (\$1,000.00) for  
8 single individuals, Two Thousand Dollars (\$2,000.00) for married  
9 individuals filing jointly or One Hundred Thousand Dollars  
10 (\$100,000.00) for any taxpayer which is a legal business entity  
11 including limited and general partnerships, corporations, subchapter  
12 S corporations and limited liability companies; provided, if total  
13 credits claimed pursuant to this paragraph exceed the caps  
14 established pursuant to paragraph 2 of subsection F of this section,  
15 the credit shall be equal to the taxpayer's proportionate share of  
16 the cap for the taxable year, as determined pursuant to subsection J  
17 of this section.

18 2. For any taxpayer who makes a contribution to an eligible  
19 public school district and makes a written commitment to contribute  
20 the same amount for an additional year, the credit for the first  
21 year and the additional year shall be equal to seventy-five percent  
22 (75%) of the total amount of the contribution made during a taxable  
23 year, not to exceed the amounts established in paragraph 2 of  
24 subsection F of this section for the taxable year in which the

1 credit provided in this subsection is claimed. The taxpayer shall  
2 provide evidence of the written commitment to the Oklahoma Tax  
3 Commission at the time of filing the refund claim.

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

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

23 E. 1. On or after the effective date of this act, there shall  
24 be allowed a credit for any taxpayer who makes a contribution to an

1 eligible public school foundation. The credit shall be equal to  
2 fifty percent (50%) of the total amount of contributions made during  
3 a taxable year, not to exceed One Thousand Dollars (\$1,000.00) for  
4 single individuals, Two Thousand Dollars (\$2,000.00) for married  
5 individuals filing jointly or One Hundred Thousand Dollars  
6 (\$100,000.00) for any taxpayer which is a legal business entity  
7 including limited and general partnerships, corporations, subchapter  
8 S corporations and limited liability companies; provided, if total  
9 credits claimed pursuant to this paragraph exceed the caps  
10 established pursuant to paragraph 2 of subsection F of this section,  
11 the credit shall be equal to the taxpayer's proportionate share of  
12 the cap for the taxable year, as determined pursuant to subsection J  
13 of this section.

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

24



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

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

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

24

1           1. The total credits authorized pursuant to subsection B of  
2 this section for all taxpayers shall not exceed ~~Three Million Five~~  
3 ~~Hundred Thousand Dollars (\$3,500,000.00)~~ Fifteen Million Dollars  
4 (\$15,000,000.00) annually;

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

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

14           ~~E.~~ G. For credits claimed for eligible contributions made  
15 during tax year 2014 and thereafter, a credit shall not be allowed  
16 by the Oklahoma Tax Commission for contributions made to a  
17 scholarship-granting organization or an educational improvement  
18 grant organization if that organization's percentage of funds  
19 actually awarded is less than ninety percent (90%). For purposes of  
20 this section, the "percentage of funds actually awarded" shall be  
21 determined by dividing the total amount of funds actually awarded as  
22 educational scholarships or educational improvement grants over the  
23 most recent twenty-four (24) months by the total amount available to  
24

1 award as educational scholarships or educational improvement grants  
2 over the most recent twenty-four (24) months.

3 ~~F.~~ H. Any tax credits which are earned by a taxpayer pursuant  
4 to this section during the time period beginning on the effective  
5 date of this act through December 31, 2012, may not be claimed for  
6 any period prior to the taxable year beginning January 1, 2013. No  
7 credits which accrue during the time period beginning on the  
8 effective date of this act through December 31, 2012, may be used to  
9 file an amended tax return for any taxable year prior to the taxable  
10 year beginning January 1, 2013.

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

12 1. "Eligible student" means a child of school age who is  
13 lawfully present in the United States and who is a member of a  
14 household in which the total annual income during the preceding tax  
15 year does not exceed an amount equal to three hundred percent (300%)  
16 of the income standard used to qualify for a free or ~~reduced~~  
17 reduced-price school lunch or who, during the immediately preceding  
18 school year, attended or, by virtue of the location of such  
19 student's place of residence, was eligible to attend a public school  
20 in this state which has been identified for school improvement as  
21 determined by the State Board of Education pursuant to the  
22 requirements of the No Child Left Behind Act of 2001, P.L. No. 107-  
23 110. Once a student has received an educational scholarship, as  
24 defined in paragraph 3 of this subsection, the student and any

1 | siblings who are members of the same household shall remain eligible  
2 | until they graduate from high school or reach twenty-one (21) years  
3 | of age, whichever occurs first;

4 |       2. "Eligible special needs student" means a child who has been  
5 | provided services under an Individual Family Service Plan through  
6 | the SoonerStart program and during transition was evaluated and  
7 | determined to be eligible for school district services, a child of  
8 | school age who has attended public school in our state with an  
9 | individualized education program pursuant to the Individuals With  
10 | Disabilities Education Act, 20 U.S.C.A., Section 1400 et seq. or a  
11 | child who has been diagnosed by a clinical professional as having a  
12 | significant disability that will affect learning and who has been  
13 | approved by the board of a scholarship-granting organization;

14 |       3. "Educational scholarships" means:

15 |           a.    scholarships to an eligible student of up to Five  
16 |                    Thousand Dollars (\$5,000.00) or eighty percent (80%)  
17 |                    of the statewide annual average per-pupil expenditure  
18 |                    as determined by the National Center for Education  
19 |                    Statistics, U.S. Department of Education, whichever is  
20 |                    greater, to cover all or part of the tuition, fees and  
21 |                    transportation costs of a qualified school which is  
22 |                    accredited by the State Board of Education or an  
23 |                    accrediting association approved by the Board pursuant  
24 |                    to Section 3-104 of Title 70 of the Oklahoma Statutes,

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

13 c. scholarships to an eligible special needs student of  
14 up to Twenty-five Thousand Dollars (\$25,000.00) to  
15 cover all or part of the tuition, fees and  
16 transportation costs of a qualified school for  
17 eligible special needs students which is accredited by  
18 the State Board of Education or an accrediting  
19 association approved by the Board pursuant to Section  
20 3-104 of Title 70 of the Oklahoma Statutes, or

21 d. scholarships to a low-income eligible student of up to  
22 Five Thousand Dollars (\$5,000.00) or ninety percent  
23 (90%) of the statewide annual average per-pupil  
24 expenditure as determined by the National Center for

1           Education Statistics, U.S. Department of Education,  
2           whichever is greater, to cover all or part of the  
3           tuition, fees and transportation costs of a qualified  
4           school which is accredited by the State Board of  
5           Education or an accrediting association approved by  
6           the Board pursuant to Section 3-104 of Title 70 of the  
7           Oklahoma Statutes;

8           4. "Low-income eligible student" means an eligible student or  
9 eligible special needs student who qualifies for a free or reduced-  
10 price lunch;

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

- 15           a. is accredited by the State Board of Education or an  
16           accrediting association approved by the Board pursuant  
17           to Section 3-104 of Title 70 of the Oklahoma Statutes,
- 18           b. is in compliance with all applicable health and safety  
19           laws and codes,
- 20           c. has a stated policy against discrimination in  
21           admissions on the basis of race, color, national  
22           origin or disability, and

1 d. ensures academic accountability to parents and  
2 guardians of students through regular progress  
3 reports;

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

9 7. "Scholarship-granting organization" means an organization  
10 which:

11 a. is a nonprofit entity exempt from taxation pursuant to  
12 the provisions of the Internal Revenue Code, 26  
13 U.S.C., Section 501(c)(3),

14 b. distributes periodic scholarship payments as checks  
15 made out to an eligible student's or eligible special  
16 needs student's parent or guardian and mailed to the  
17 qualified school where the student is enrolled,

18 c. spends no more than ten percent (10%) of its annual  
19 revenue on expenditures other than educational  
20 scholarships as defined in paragraph 3 of this  
21 subsection,

22 d. spends each year a portion of its expenditures on  
23 educational scholarships for low-income eligible  
24 students, as defined in paragraph 4 of this

1 subsection, in an amount equal to or greater than the  
2 percentage of low-income eligible students in the  
3 state,

4 e. ensures that scholarships are portable during the  
5 school year and can be used at any qualified school  
6 that accepts the eligible student or at any qualified  
7 school for special needs students that accepts the  
8 eligible special needs student,

9 f. registers with the Oklahoma Tax Commission as a  
10 scholarship-granting organization, and

11 g. has policies in place to:

12 (1) carry out criminal background checks on all  
13 employees and board members to ensure that no  
14 individual is involved with the organization who  
15 might reasonably pose a risk to the appropriate  
16 use of contributed funds, and

17 (2) maintain full and accurate records with respect  
18 to the receipt of contributions and expenditures  
19 of those contributions and supply such records  
20 and any other documentation required by the Tax  
21 Commission to demonstrate financial  
22 accountability;

23 8. "Annual revenue" means the total amount or value of  
24 contributions received by an organization from taxpayers awarded



1 credits during the organization's fiscal year and all amounts earned  
2 from interest or investments;

3 9. "Public school" means public schools as defined in Section  
4 1-106 of Title 70 of the Oklahoma Statutes;

5 10. "Eligible public school district" means any public school  
6 ~~that is not located within a ten-mile radius of a qualified school~~  
7 ~~in this state, or any public school that is located within a ten-~~  
8 ~~mile radius of a qualified school in this state but offers grade-~~  
9 ~~level instruction different from the qualified school or any public~~  
10 ~~school located within a public school district with fewer than four~~  
11 ~~thousand five hundred (4,500) students district as defined in~~  
12 Section 1-108 of Title 70 of the Oklahoma Statutes;

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

18 12. "Innovative educational program" means an advanced academic  
19 or academic improvement program that is not part of the regular  
20 coursework of a public school but that enhances the curriculum or  
21 academic program of the school or provides early childhood education  
22 programs to students;

23 13. "Educational improvement grant" means a grant to an  
24 eligible public school to implement an innovative educational

1 program for students, including the ability for multiple public  
2 schools to make an application and be awarded a grant to jointly  
3 provide an innovative educational program; ~~and~~

4 14. "Educational improvement grant organization" means an  
5 organization which:

- 6 a. is a nonprofit entity exempt from taxation pursuant to  
7 the provisions of the Internal Revenue Code, 26  
8 U.S.C., Section 501(c)(3), and  
9 b. contributes at least ninety percent (90%) of its  
10 annual receipts as grants to eligible schools for  
11 innovative educational programs. For purposes of this  
12 subparagraph, an educational improvement grant  
13 organization contributes its annual cash receipts when  
14 it expends or otherwise irrevocably encumbers those  
15 funds for expenditure during the then current fiscal  
16 year of the organization or during the next succeeding  
17 fiscal year of the organization; and

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

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

1        ~~H.~~ J. Total credits authorized by this section shall be  
2 allocated as follows:

3        1. By January 10 of the year immediately following each  
4 calendar year, a scholarship-granting organization ~~or,~~ an  
5 educational improvement grant organization, a public school district  
6 or an eligible public school foundation which accepts contributions  
7 pursuant to this section shall provide electronically to the Tax  
8 Commission information on each contribution accepted during such  
9 taxable year. At least once each taxable year, the ~~scholarship-~~  
10 ~~granting organization or the educational improvement grant~~  
11 ~~organization~~ entity making the report shall notify each contributor  
12 that Oklahoma law provides for a total, statewide cap on the amount  
13 of income tax credits allowed annually;

14        2.    a. If the Tax Commission determines the total combined  
15 credits claimed for contributions made to scholarship-  
16 granting organizations during the most recently  
17 completed calendar year by all taxpayers are in excess  
18 of the statewide caps provided in paragraph 1 of  
19 subsection ~~D~~ F of this section, the Tax Commission  
20 shall first allocate any amount of credits not claimed  
21 for contributions made to ~~educational improvement-~~  
22 ~~granting~~ organizations authorized pursuant to  
23 subsections C, D and E of this section, then shall  
24 determine the percentage of the contribution which

1 establishes the proportionate share of the credit  
2 which may be claimed by any taxpayer so that the total  
3 maximum credits authorized by this section are not  
4 exceeded.

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

19 c. Beginning for tax year 2016, credits earned, but not  
20 allowed due to the application of statewide caps  
21 provided in subsection ~~D~~ F of this section will be  
22 considered suspended and authorized to be used in the  
23 next immediate tax year and applied to the next year's  
24 statewide cap; and

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

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

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

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

20           a. enables the Tax Commission to confirm that the  
21 organization is a nonprofit entity exempt from  
22 taxation pursuant to the provisions of the Internal  
23 Revenue Code, 26 U.S.C., Section 501(c)(3) or Section  
24 509(a), and

1           b.     describes the proposed innovative educational program  
2                     or programs supported by the organization.

3           2.     The Tax Commission shall review and approve or disapprove  
4 the application, in consultation with the State Department of  
5 Education.

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

10           a.     the name of the innovative educational program or  
11                     programs and the total amount of the grant or grants  
12                     made to those programs during the immediately  
13                     preceding school year,

14           b.     a description of how each grant was utilized during  
15                     the immediately preceding school year and a  
16                     description of any demonstrated or expected innovative  
17                     educational improvements,

18           c.     the names of the public school and school districts  
19                     where innovative educational programs that received  
20                     grants during the immediately preceding school year  
21                     were implemented,

22           d.     where the organization collects information on a  
23                     county-by-county basis, and  
24

1 e. the total number and total amount of grants made  
2 during the immediately preceding school year for  
3 innovative educational programs at public school by  
4 each county in which the organization made grants.

5 4. The information required under paragraph 3 of this  
6 subsection shall be submitted on a form provided by the Tax  
7 Commission. No later than May 1 of each year, the Tax Commission  
8 shall annually distribute sample forms together with the forms on  
9 which the reports are required to be made to each approved  
10 organization.

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

14 L. N. 1. Beginning in 2020 for the 2019-2020 academic year, in  
15 order to maintain registration, a scholarship-granting organization  
16 shall annually report to the Tax Commission by September 1 of each  
17 year the following information regarding the educational  
18 scholarships funded by the organization in the previous academic  
19 year:

20 a. the name and address of the scholarship-granting  
21 organization,

22 b. the names of the qualifying schools that received  
23 funding for educational scholarships, the total amount  
24 of funds paid to each qualifying school and the total

1 number of scholarship recipients enrolled in each  
2 qualifying school,

3 c. the total number and total dollar amount of  
4 contributions received during the previous academic  
5 year,

6 d. the total number and total dollar amount of  
7 educational scholarships awarded and funded during the  
8 previous academic year,

9 e. the total number, total dollar amount and percentage  
10 of educational scholarships awarded and funded during  
11 the previous academic year disaggregated into the  
12 following categories:

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

15 (2) students who during the immediately preceding  
16 school year attended or who were eligible by  
17 virtue of the residence of the student to attend  
18 a public school in the state which was identified  
19 for school improvement by the State Board of  
20 Education,

21 (3) eligible special needs students, and

22 (4) students who were first-time recipients of a  
23 scholarship, including information about the type  
24 of public or private school the student was



1 enrolled in during the entire previous academic  
2 year,

3 f. the percentage of the total amount of education  
4 scholarship expenditures spent on low-income eligible  
5 students,

6 g. the percentage of annual revenue received by the  
7 organization from donations which qualify for tax  
8 credits pursuant to this section which was not  
9 expended on scholarships, and

10 h. disaggregated data reported under this subsection  
11 shall be reported in accordance with the Student Data  
12 Accessibility, Transparency and Accountability Act of  
13 2013, Section 3-168 of Title 70 of the Oklahoma  
14 Statutes, and The Family Educational Rights and  
15 Privacy Act of 1974 (FERPA) 20 U.S.C., Section 1232g.

16 2. The Tax Commission shall publish and make available on its  
17 website:

18 a. the information submitted by the scholarship-granting  
19 organization pursuant to paragraph 1 of this  
20 subsection,

21 b. a list of participating schools, and

22 c. all other application information submitted to the Tax  
23 Commission by a scholarship-granting organization,

24

1                   except that information which would violate the  
2                   privacy of an individual.

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

7           O. In consultation with the State Department of Education, the  
8 Tax Commission shall promulgate rules necessary to implement this  
9 act. The rules shall include procedures for the registration of a  
10 scholarship-granting organization ~~or~~, an educational improvement  
11 grant organization or a public school foundation for purposes of  
12 determining if the organization meets the requirements of this act  
13 or for the revocation of the registration of an organization, if  
14 applicable, and for notice as required in subsection ~~H~~ J of this  
15 section.

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

18           57-1-8773           JM           04/11/19