

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 57th Legislature (2019)

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

By: Rader and David of the
Senate

and

Echols of the House

11 COMMITTEE SUBSTITUTE

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

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

19 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.206, as
20 last amended by Section 1, Chapter 288, O.S.L. 2017 (68 O.S. Supp.
21 2018, Section 2357.206), is amended to read as follows:

22 Section 2357.206 A. This act shall be known and may be cited
23 as the "Oklahoma Equal Opportunity Education Scholarship Act".
24

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

18 2. For any taxpayer who makes a contribution to an eligible
19 scholarship-granting organization and makes a written commitment to
20 contribute the same amount for an additional year, the credit for
21 the first year and the additional year shall be equal to seventy-
22 five percent (75%) of the total amount of the contribution made
23 during a taxable year, not to exceed the amounts established in
24 paragraph 1 of this subsection 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. On or before December 31, 2017, and once every four (4)
20 years thereafter, such scholarship-granting organization and
21 educational improvement ~~granting~~ grant organization shall submit to
22 the Oklahoma Tax Commission, Governor, President Pro Tempore of the
23 Senate and the Speaker of the House of Representatives, an audited
24 financial statement for the organization along with information

1 detailing the benefits, successes or failures of the program. The
2 Tax Commission shall publish and make publicly available on its
3 website the financial statement and information submitted pursuant
4 to this paragraph.

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

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

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

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

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

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

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

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

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

20 4. Each eligible public school district to which contributions
21 have been made for purposes of the tax credit authorized by this
22 subsection shall annually account for all revenue and expenditures
23 through the Oklahoma Cost Accounting System (OCAS).
24

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

16 2. For any taxpayer who makes a contribution to an eligible
17 public school foundation 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 2 of subsection F of this section for the taxable year in
23 which the credit provided in this subsection is claimed. The
24

1 taxpayer shall provide evidence of the written commitment to the
2 Oklahoma Tax 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, 2020, and once every four (4)
19 years thereafter, such eligible public school foundation shall
20 submit to the Governor, President Pro Tempore of the Senate and the
21 Speaker of the House of Representatives an audited financial
22 statement for the organization along with information detailing the
23 benefits, successes or failures of the programs.

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

3 1. The total credits authorized pursuant to subsection B of
4 this section for all taxpayers shall not exceed ~~Three Million Five~~
5 ~~Hundred Thousand Dollars (\$3,500,000.00)~~ Fifteen Million Dollars
6 (\$15,000,000.00) annually;

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

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

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

1 most recent twenty-four (24) months by the total amount available to
2 award as educational scholarships or educational improvement grants
3 over the most recent twenty-four (24) months.

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

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

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

1 defined in paragraph 3 of this subsection, the student and any
2 siblings who are members of the same household shall remain eligible
3 until they graduate from high school or reach twenty-one (21) years
4 of age, whichever occurs first;

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

15 3. "Educational scholarships" means:

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

- 1 accrediting association approved by the Board pursuant
2 to Section 3-104 of Title 70 of the Oklahoma Statutes,
3 b. scholarships to an eligible student of up to Five
4 Thousand Dollars (\$5,000.00) or eighty percent (80%)
5 of the statewide annual average per-pupil expenditure
6 as determined by the National Center for Education
7 Statistics, U.S. Department of Education, whichever is
8 greater, to cover the educational costs of a qualified
9 school which does not charge tuition, which enrolls
10 special populations of students and 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 ~~or~~
15 c. scholarships to an eligible special needs student of
16 up to Twenty-five Thousand Dollars (\$25,000.00) to
17 cover all or part of the tuition, fees and
18 transportation costs of a qualified school for
19 eligible special needs students which is accredited by
20 the State Board of Education or an accrediting
21 association approved by the Board pursuant to Section
22 3-104 of Title 70 of the Oklahoma Statutes, or
23 d. scholarships to a low-income eligible student of up to
24 Five Thousand Dollars (\$5,000.00) or ninety percent

1 (90%) of the statewide annual average per-pupil
2 expenditure as determined by the National Center for
3 Education Statistics, U.S. Department of Education,
4 whichever is greater, to cover all or part of the
5 tuition, fees and transportation costs of a qualified
6 school which is accredited by the State Board of
7 Education or an accrediting association approved by
8 the Board pursuant to Section 3-104 of Title 70 of the
9 Oklahoma Statutes;

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

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

- 17 a. is accredited by the State Board of Education or an
18 accrediting association approved by the Board pursuant
19 to Section 3-104 of Title 70 of the Oklahoma Statutes,
- 20 b. is in compliance with all applicable health and safety
21 laws and codes,
- 22 c. has a stated policy against discrimination in
23 admissions on the basis of race, color, national
24 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.~~ 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.~~ 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.

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18 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
19 04/11/2019 - DO PASS, As Amended.
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