

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	SB 407
Version:	CS
Request Number:	8773
Author:	Rep. Echols
Date:	4/22/2019
Impact:	Tax Commission: Unknown Decrease in Income Tax Revenue (Unknown at This Time)

Research Analysis

The committee substitute for SB407 modifies the Oklahoma Equal Opportunity Scholarship Act to expand eligibility to any eligible public school or public school foundation. The act allows individuals and businesses to receive a tax credit equal to 50-75% of the amount contributed to an eligible organization. Furthermore, the tax credit is limited to \$1000 per individual donor, \$2000 for joint filers and \$100,000 for businesses.

Currently, the act is limited to scholarship-granting organization or educational improvement grant organizations.

The measure also increases the annual cap on the amount of tax credits that can be authorized to \$15 million for donations to eligible scholarship-granting organizations and \$15 million for donations to eligible educational improvement grant organizations, public schools or public school foundations. Currently, the combined cap for the program is limited to \$3 million each year.

The measure also updates and establishes reporting requirements for all organizations receiving contributions pursuant to the Oklahoma Equal Opportunity Scholarship Act. Specifically, audited financial statements and other information submitted to the Oklahoma Tax Commission must be made available on the OTC website.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

Proposed Law:

Beginning with tax year 2019, this measure proposes to increase the annual credit cap for contributions to eligible scholarship-granting organizations from \$3.5 million to \$30 million, and for contributions to eligible educational improvement grant organizations from \$1.5 million to \$30 million. This measure modifies the definition of "eligible school", by removing language that an eligible school not be located within ten (10) miles of another qualifying school or public school and increasing the size of the public school district student level to eight thousand five hundred (8,500) up from the current four thousand five hundred (4,500).

Revenue Impact:

This measure allows a potential additional \$26.5 million in credits for contributions to a scholarship-granting organization and an additional \$28.5 million in credits for contributions to an educational improvement grant organization for tax year 2019. If total combined credits claimed for contributions to one organization exceed the cap for that organization, credits not claimed for the other organization may be allocated to the first organization, but no more than \$60 million in total credits may be claimed annually.

An unknown decrease in state revenue is expected for FY20.

Prepared By: Mark Tygret

Other Considerations

None.