

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB3388</b>
<b>Version:</b>	<b>FA 1</b>
<b>Request Number:</b>	<b>10739</b>
<b>Author:</b>	<b>Speaker McCall</b>
<b>Date:</b>	<b>3/12/2024</b>
<b>Impact:</b>	<b>Please see previous summary of this measure</b>

**Research Analysis**

The floor substitute for HB3388 amends numerous provisions related to the administration of the Parental Choice Tax Credit. The measure:

- clarifies that students that are expected to enroll in a private school are eligible for the credit;
- allows students that attend an accredited private school that exclusively serves homeless or financially disadvantaged students to receive the maximum \$7500 credit amount or the cost to educate the student, whichever is less;
- prohibits the use of credits to offset or pay off any tax delinquency or unpaid debt, fine or other court-ordered judgments;
- aligns the tax credit caps with the fiscal year instead of the calendar year and requires unused credits from FY 2024 to carryover to FY 2025;
- allows taxpayers that are in receipt of income-based government benefits such as SNAP, TANF or Soonercare to bypass additional income verification requirements;
- aligns the application process for the tax credit with the school year. The application period will open on May 1, 2024 for the fall semester of 2024 and January 15 for subsequent years;
- grants priority consideration to applicants with an income of \$150,000 or less as long as the application is submitted within the first 60 days of the application period;
- requires credits to be prorated by semester, paid in two installments;
  - for student enrolled in the full school year, payments will be issued by August 30 and January 15;
  - for students not enrolled in a full school year, payments will be issued within 30 days after the application is approved or during the first 30 days of the semester that student is enrolled in, whichever is later;
- replace the affidavit requirement with an enrollment verification form requirement that the Oklahoma Tax Commission (OTC) will use to determine the installment payment amounts;
- establishes criteria to prioritize who will receive credits if the number of applications exceed the allowed cap for the year;
  - first priority goes to taxpayers with students that received the credit the prior year,
  - second priority goes to taxpayers that receive income-based government benefits or those with income of \$150,000 or less;
  - third priority goes to siblings of eligible students of taxpayers who received the credit in the prior year;
- requires taxpayers to provide notification to the OTC within 30 days of certain actions that would disqualify them from receiving the credit;

- allows the OTC to reallocate unused credit to the next taxpayer in line within 30 days of notice from a taxpayer that they cannot or will not be participating in the program; and
- exempts credits from being considered taxable income and prohibits the OTC from issuing 1099 forms to taxpayers for credits received.

#### **DIFFERENCES BETWEEN FLOOR SUBSTITUTE AND INTRODUCED VERSION**

The floor substitute incorporates the proposed changes in the introduced version with the exception of the opening dates of the application period. The application opening period for 2025 and subsequent years is January 15 in the floor substitute, whereas it is March 15 in the introduced version.

All other changes new to the floor substitute are explained in detail in the summary above.

Prepared By: Quyen Do

#### **Fiscal Analysis**

As written, the measure is not anticipated to result in a negative fiscal impact on the state budget or appropriations.

Prepared By: Cole Stout, House Fiscal Staff

#### **Other Considerations**

None.