

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

<b>Bill No.:</b>	<b>SB1477</b>
<b>Version:</b>	<b>Floor Substitute</b>
<b>Request Number:</b>	<b>11058</b>
<b>Author:</b>	<b>Speaker McCall</b>
<b>Date:</b>	<b>4/25/2024</b>
<b>Impact:</b>	<b>Please see previous summary of this measure</b>

**Research Analysis**

The floor substitute for SB1477 modifies numerous provisions related to the Parental Choice Tax Credit (PCTC). The measure:

- exempts payments received pursuant to the PCTC from being used to offset or pay delinquent tax liabilities, penalties or interest or intercepted by any entity seeking to collect a debt, court fine or court-ordered judgement;
- exempts PCTC payments from taxable income effective tax year 2024;
- clarifies that students that are expected to enroll in a private school are eligible for the credit;
- amends the definition of *qualified expense* to exclude tuition and fees paid with a scholarship or any tuition and fees that are discounted by the school;
- aligns the tax credit period with the fiscal year beginning FY 2026 and modifies the tax credit caps to align with the transition from tax year to fiscal year;
- amends the income criteria to be based on the combined adjusted gross income of the parents or legal guardians of the student rather than the household income;
- 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;
- replaces the affidavit requirement with an enrollment verification form requirement that the Oklahoma Tax Commission (OTC) will use to determine the installment payment amounts;
- 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 February 1 of each preceding school year, beginning with the 2025-2026 school year;
- 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;
- directs the OTC to prioritize taxpayers with students that received the credit in the prior year and are below the \$150,000 income qualifier if the number of applications exceed the allowed cap for the 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 eligible taxpayer in line if they receive notice from a taxpayer that they cannot or will not be participating in the program for any reason
- requires the OTC to notify applicants of their approval status within 30 days; and
- requires the OTC publish monthly updates on its website regarding the number of credits claimed and students receiving funds.

#### CHANGES IN FLOOR SUBSTITUTE COMPARED TO THE COMMITTEE SUBSTITUTE:

The floor substitute further amends the PCTC Program. The substitute:

- adds language to amend the definition of *qualified expense* to exclude tuition and fees paid with a scholarship or any tuition and fees that are discounted by the school;
- further modifies administrative procedures to realign the tax credit cap and application period with the fiscal year;
- changes the criteria for priority consideration to receive credits if the cap is exceeded. In the engrossed version, priority was granted to a taxpayer with a student that receive the credit in the prior year regardless of income. First priority is now only for those that received the credit the prior year and are below the \$150,000 income qualifier;
- adds language to require the OTC to notify an applicant of their approval status within 30 days;
- removes language that prohibited the OTC from issuing 1099's;
- and adds additional monthly reporting requirement for the OTC, which must be published on its website.

Prepared By: Quyen Do

#### **Fiscal Analysis**

The measure is currently under review and impact information will be completed.

Prepared By: House Fiscal Staff

#### **Other Considerations**

None.