

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 CONFERENCE COMMITTEE SUBSTITUTE
4 FOR ENGROSSED

5 SENATE BILL 684

By: Paxton and Daniels of the
Senate

and

Hilbert and Pittman of the
House

8
9 CONFERENCE COMMITTEE SUBSTITUTE

10 An Act relating to income tax credit; amending 68
11 O.S. 2021, Section 205.6, which relates to list of
12 taxpayers who claim or may claim any tax credit;
13 excluding certain credits from list; requiring
14 removal of certain information by certain date;
15 amending Section 2, Chapter 278, O.S.L. 2023, as
16 amended by Section 3, Chapter 277, O.S.L. 2024 (70
17 O.S. Supp. 2024, Section 28-101), which relates to
18 the Oklahoma Parental Choice Tax Credit Act; defining
19 term; modifying definition; modifying tax years for
20 which certain annual credit limit is enforced;
21 prescribing procedure for enforcement of annual
22 limit; increasing the annual credit limitation by the
23 amount of certain unused credit; requiring the
24 Department of Human Services and the Oklahoma Health
Care Authority to verify certain claims by applicants
upon request; modifying application period for
certain school years; requiring the payment of full
credit amount by certain date; modifying preference
for taxpayers who received credit in prior years;
stipulating that authorization to reallocate credit
is before certain date; requiring participating
private schools to provide certain information to the
Oklahoma Tax Commission; updating statutory
references; updating statutory language; setting
accreditation compliance date for currently
participating private schools; providing an effective
date; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 205.6, is amended to read as follows:

Section 205.6. A. The Oklahoma Tax Commission shall prepare and maintain a list of all taxpayers who have claimed any tax credit authorized by any provisions of state law and related to a tax administered by the Tax Commission. The Office of Management and Enterprise Services shall cause the list to be posted on the Internet through the Taxpayer Transparency Act website in a format which is searchable and can be exported in raw data form.

The Office of Management and Enterprise Services shall include the name of each taxpayer who claimed a credit, the amount of such credit and the specific statutory provision under which the credit was claimed. The Internet list shall be updated not less than monthly. The list shall include the identity of all taxpayers or organizations having any part in the chain of custody or claim to the credit or credits at any time during the credit's existence from the initial time the credit is earned, through the time that the credit is claimed on a tax return.

B. For the purposes of this section, "tax credit" means a credit against tax liability that is a credit administered by the Tax Commission, excluding credits authorized under Section 28-101 of

1 Title 70 of the Oklahoma Statutes and paragraphs 1 and 2 of
2 subsection B of Section 2357, Section 2357.4, and Sections 2357.29
3 and 2357.43 of this title.

4 C. In addition to the disclosure required by subsection A of
5 this section, for any tax credit that may be claimed by any person
6 or any lawfully recognized business entity pursuant to the
7 provisions of Sections 2357.62, 2357.63, 2357.73, and 2357.74 of
8 this title, the Oklahoma Tax Commission shall maintain a list of any
9 person and any such entity that may be able to claim any such credit
10 as a result of the allocation of tax credits based upon the pass-
11 through federal income tax treatment applicable to the entity that
12 makes a qualified investment, as such term is defined by paragraph 6
13 of Section 2357.61 of this title and paragraph 7 of Section 2357.72
14 of this title, in either a qualified small business capital company
15 or a qualified rural small business capital company. For purposes
16 of this subsection, the Tax Commission shall determine the identity
17 of such persons and legal entities as of the December 31 date of the
18 calendar year during which the qualified investment is made.

19 D. Upon the effective date of this act, information on
20 taxpayers claiming the tax credits authorized under Section 28-101
21 of Title 70 of the Oklahoma Statutes shall be removed from the list
22 maintained and posted online pursuant to subsection A of this
23 section.

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1 SECTION 2. AMENDATORY Section 2, Chapter 278, O.S.L.
2 2023, as amended by Section 3, Chapter 277, O.S.L. 2024 (70 O.S.
3 Supp. 2024, Section 28-101), is amended to read as follows:

4 Section 28-101. A. As used in the Oklahoma Parental Choice Tax
5 Credit Act:

6 1. "Accrediting association" means a recognized legal entity
7 that meets the accreditation requirements set by the State Board of
8 Education, another accrediting association approved by the State
9 Board of Education, or a legal entity that accredits education
10 organizations in multiple states, whose purpose is to verify that an
11 education program meets or exceeds predetermined criteria, and
12 monitor the education organization during the time it is accredited
13 by completing regular reevaluations and on-site inspections of the
14 education program;

15 2. "Commission" means the Oklahoma Tax Commission;

16 ~~2.~~ 3. "Curriculum" means a complete course of study for a
17 particular content area or grade level;

18 ~~3.~~ 4. "Department" means the State Department of Education;

19 ~~4.~~ 5. "Education service provider" means a person, business,
20 public school district, public charter school, magnet school, or
21 organization that provides educational goods and/or services to
22 eligible students in this state;

23 ~~5.~~ 6. "Eligible student" means a resident of this state who is
24 eligible to enroll in a public school in this state. Eligible

1 student shall include a student who is enrolled in and attends or is
2 expected to enroll in a private school in this state accredited by
3 the State Board of Education or another accrediting association or a
4 student who is educated pursuant to the other means of education
5 exception provided for in subsection A of Section 10-105 of this
6 title;

7 ~~6.~~ 7. "Qualified expense" for the purpose of claiming the
8 credit authorized by paragraph 1 of subsection C of this section
9 means tuition and fees at a private school in this state accredited
10 by the State Board of Education or another accrediting association.
11 Such private school shall comply with the provisions of subsection L
12 of this section. Provided, the amount of tuition and fees
13 considered a qualified expense pursuant to this paragraph shall not
14 include tuition and fees paid with any scholarship or tuition and
15 fees discounted or otherwise reduced by the school;

16 ~~7.~~ 8. "Qualified expense" for the purpose of claiming the
17 credit authorized by paragraph 2 of subsection C of this section
18 means the following expenditures:

- 19 a. tuition and fees for nonpublic learning programs,
20 online or in person,
- 21 b. academic tutoring services provided by an individual
22 or a private academic tutoring facility,
- 23 c. textbooks, curriculum, or other instructional
24 materials including, but not limited to, supplemental

1 materials or associated online instruction required by
2 an education service provider, and

3 d. fees for nationally standardized assessments
4 including, but not limited to, assessments used to
5 determine college admission and advanced placement
6 examinations as well as tuition and fees for tutoring
7 or preparatory courses for the assessments; and

8 ~~8.~~ 9. "Taxpayer" means a biological or adoptive parent,
9 grandparent, aunt, uncle, legal guardian, custodian, or other person
10 with legal authority to act on behalf of an eligible student.

11 B. There is hereby created the Oklahoma Parental Choice Tax
12 Credit Program to provide an income tax credit to a taxpayer for
13 qualified expenses to support the education of eligible students in
14 this state.

15 C. For the tax year 2024 and subsequent tax years, and fiscal
16 year 2026 and subsequent fiscal years, there shall be allowed
17 against the tax imposed by Section 2355 of Title 68 of the Oklahoma
18 Statutes a credit for any Oklahoma taxpayer who incurs a qualified
19 expense on behalf of an eligible student, to be administered subject
20 to the following amounts:

21 1. If the eligible student attends a private school in this
22 state accredited by the State Board of Education or another
23 accrediting association, the annual maximum credit amount for tax
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1 year 2024, fiscal year 2026, and each subsequent fiscal year shall
2 be:

3 a. Seven Thousand Five Hundred Dollars (\$7,500.00) or the
4 amount of tuition and fees for the private school,
5 whichever is less, if the combined adjusted gross
6 income of the parents or legal guardians of the
7 eligible student during the second preceding tax year
8 does not exceed Seventy-five Thousand Dollars
9 (\$75,000.00),

10 b. Seven Thousand Dollars (\$7,000.00) or the amount of
11 tuition and fees for the private school, whichever is
12 less, if the combined adjusted gross income of the
13 parents or legal guardians of the eligible student
14 during the second preceding tax year is more than
15 Seventy-five Thousand Dollars (\$75,000.00) but does
16 not exceed One Hundred Fifty Thousand Dollars
17 (\$150,000.00),

18 c. Six Thousand Five Hundred Dollars (\$6,500.00) or the
19 amount of tuition and fees for the private school,
20 whichever is less, if the combined adjusted gross
21 income of the parents or legal guardians of the
22 eligible student during the second preceding tax year
23 is more than One Hundred Fifty Thousand Dollars
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1 (\$150,000.00) but does not exceed Two Hundred Twenty-
2 five Thousand Dollars (\$225,000.00),

3 d. Six Thousand Dollars (\$6,000.00) or the amount of
4 tuition and fees for the private school, whichever is
5 less, if the combined adjusted gross income of the
6 parents or legal guardians of the eligible student
7 during the second preceding tax year is more than Two
8 Hundred Twenty-five Thousand Dollars (\$225,000.00) but
9 does not exceed Two Hundred Fifty Thousand Dollars
10 (\$250,000.00), or

11 e. Five Thousand Dollars (\$5,000.00) or the amount of
12 tuition and fees for the private school, whichever is
13 less, if the combined adjusted gross income of the
14 parents or legal guardians of the eligible student
15 during the second preceding tax year is more than Two
16 Hundred Fifty Thousand Dollars (\$250,000.00);

17 2. For tax year 2024 and subsequent tax years, the maximum
18 credit amount shall be One Thousand Dollars (\$1,000.00) in qualified
19 expenses per eligible student in each tax year if the eligible
20 student is educated pursuant to the other means of education
21 exception provided for in subsection A of Section 10-105 of this
22 title. To claim the credit, the taxpayer shall submit to the
23 Commission receipts for qualified expenses as defined by paragraph 7
24 8 of subsection A of this section;

1 3. If the eligible student attends a private school in this
2 state, accredited by the State Board of Education or another
3 accrediting association, that exclusively serves students
4 experiencing homelessness, the credit amount shall be Seven Thousand
5 Five Hundred Dollars (\$7,500.00) or the amount of the cost to
6 educate the eligible student at the private school, whichever is
7 less;

8 4. If the eligible student attends a private school in this
9 state, accredited by the State Board of Education or another
10 accrediting association, that primarily serves financially
11 disadvantaged students, the credit amount shall be the maximum
12 credit amount authorized by paragraph 1 of this subsection or the
13 amount of the cost to educate the eligible student at the private
14 school, whichever is less. The cost to educate the eligible student
15 shall be equal to the average cost to educate all students attending
16 the private school, which shall be calculated by dividing the
17 private school's total expenditures in the previous year by the
18 total enrollment in the previous school year. A private school
19 shall be deemed to be primarily serving financially disadvantaged
20 students if ninety percent (90%) of the private school's admissions
21 are based on enrolling students whose gross family income is two
22 hundred fifty percent (250%) of the federal poverty threshold or
23 below;

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1 5. The taxpayer shall retain all receipts of qualified expenses
2 as proof of the amounts paid each tax year the credit is claimed and
3 shall submit them to the Commission upon request;

4 6. If the credit exceeds the tax imposed by Section 2355 of
5 Title 68 of the Oklahoma Statutes, the excess amount shall be
6 refunded to the taxpayer; and

7 7. Credits claimed by a taxpayer pursuant to the provisions of
8 this section shall not be used to offset or pay the following:

- 9 a. delinquent tax liability,
- 10 b. accrued penalty or interest from the failure to file a
11 report or return,
- 12 c. accrued penalty or interest from the failure to pay a
13 state tax within the statutory period allowed for its
14 payment,
- 15 d. tax liability of the taxpayer from any prior tax year,
16 or
- 17 e. any debt, unpaid fine, final judgment, or claim filed
18 with the Commission by a qualified entity as defined
19 in Section 205.2 of Title 68 of the Oklahoma Statutes.

20 D. 1. a. For tax year 2024, the total amount of credits
21 authorized by paragraph 1 of subsection C of this
22 section shall not exceed One Hundred Fifty Million
23 Dollars (\$150,000,000.00).
24

1 b. For the period of January 1, 2025, through June 30,
2 2025, the total amount of credits authorized by
3 paragraph 1 of subsection C of this section shall not
4 exceed One Hundred Million Dollars (\$100,000,000.00).
5 The Commission shall not require a taxpayer who
6 received a credit pursuant to paragraph 1 of
7 subsection C of this section in tax year 2024 to
8 reapply for a credit payable during the period
9 described in this subparagraph. The Commission shall
10 base the credit amount payable for the spring 2025 on
11 the fall 2024 installment disbursement payment amount.

12 c. For fiscal year 2026 and subsequent fiscal years, the
13 total amount of credits authorized by paragraph 1 of
14 subsection C of this section shall not exceed Two
15 Hundred Fifty Million Dollars (\$250,000,000.00).

16 2. For tax year ~~2025~~ 2026 and subsequent tax years, the total
17 amount of credits authorized by paragraph 2 of subsection C of this
18 section shall not exceed Five Million Dollars (\$5,000,000.00). The
19 Oklahoma Tax Commission shall annually calculate and publish a
20 percentage by which the credits authorized by this section shall be
21 reduced so the total amount of credits used to offset tax does not
22 exceed the annual limit. The formula to be used for the percentage
23 adjustment shall be Five Million Dollars (\$5,000,000.00) divided by
24 the amount of credit claimed in the second preceding tax year. In

1 the event the total tax credits authorized by this section exceed
2 the annual limit in any tax year, the Tax Commission shall permit
3 any excess but shall factor such excess into the percentage
4 adjustment formula for subsequent tax years.

5 3. If a taxpayer, on behalf of an eligible student in the
6 program, chooses not to participate, is no longer eligible to
7 participate, or chooses to forgo participation in the program for
8 any reason, the credit authorized by paragraph 1 of subsection C of
9 this section but not used and not reallocated pursuant to paragraph
10 3 of subsection H of this section shall be added to the subsequent
11 fiscal year limitation as provided in paragraph 1 of this
12 subsection.

13 E. The Commission shall prescribe applications for the purposes
14 of claiming the credits authorized by the Oklahoma Parental Choice
15 Tax Credit Act and a deadline by which applications shall be
16 submitted. A taxpayer claiming the credit authorized by paragraph 1
17 of subsection C of this section shall submit an application
18 prescribed by the Commission to receive the credit ~~in two~~
19 ~~installments, each of which shall be half of the expected amount of~~
20 ~~tuition and fees for the private school~~ based on the enrollment
21 verification form submitted pursuant to this subsection, but in no
22 event shall ~~an installment~~ a payment exceed the amount of the credit
23 authorized by paragraph 1 of subsection C of this section. If an
24 eligible taxpayer provides documentation on the application that he

1 or she is a recipient of income-based government benefits including
2 the Supplemental Nutrition Assistance Program (SNAP), Temporary
3 Assistance for Needy Families (TANF), or ~~SoonerCare~~ the Oklahoma
4 Medicaid Program commonly known as SoonerCare, the eligible taxpayer
5 shall not be required to provide additional income verification.
6 The Department of Human Services and the Oklahoma Health Care
7 Authority shall, upon request by the Oklahoma Tax Commission, verify
8 whether an applicant receives income-based government benefits. The
9 taxpayer shall provide authorization for the Oklahoma Tax Commission
10 to disclose application data to the Department of Human Services
11 and/or the Oklahoma Health Care Authority, and for the Department of
12 Human Services and/or the Oklahoma Health Care Authority to provide
13 confirmation of benefits to the Oklahoma Tax Commission for purposes
14 of verifying that the taxpayer is a current recipient of SNAP, TANF,
15 or Oklahoma Medicaid Program benefits; provided, the information
16 shall not be used for any other purpose. A taxpayer claiming the
17 credit authorized by paragraph 1 of subsection C of this section
18 shall submit to the Commission an enrollment verification form from
19 the private school in which the eligible student is enrolled or is
20 expected to enroll with the tuition and fees to be charged the
21 taxpayer for the applicable school year. In reviewing applications
22 submitted by eligible taxpayers to determine whether they qualify
23 for a credit authorized by paragraph 1 of subsection C of this
24 section, the Commission shall give first preference in making

1 ~~installments~~ payments to taxpayers who qualify pursuant to
2 subparagraphs a and b of paragraph 1 of subsection C of this
3 section. The Commission shall give second preference in making
4 payments to taxpayers who qualify and have received the credit in
5 the prior year. For credits issued in the ~~2025-2026~~ 2026-2027
6 school year and subsequent school years, the application period
7 shall be open on February 15 March 15 through June 15 prior to the
8 beginning of each school year. For any eligible student whose
9 parents or legal guardians have a combined adjusted gross income
10 that does not exceed One Hundred Fifty Thousand Dollars
11 (\$150,000.00) or qualified and received credit in the prior year,
12 applications shall be submitted to the Commission within the first
13 sixty (60) days of the opening of the application period to receive
14 priority consideration. For students enrolled in the full school
15 year, the full credit amount authorized for the school year shall be
16 ~~paid in two installments, one per school semester, to be paid no~~
17 ~~later than August 30 and January 15, each of which shall be half of~~
18 ~~the total expected amount of tuition and fees on the enrollment~~
19 ~~verification form submitted pursuant to this subsection.~~

20 F. ~~In the event there are more applications submitted by~~
21 ~~eligible taxpayers for a credit authorized by paragraph 1 of~~
22 ~~subsection C of this section than available credits pursuant to~~
23 ~~subsection D of this section, then the Commission shall give first~~
24 ~~preference in authorizing credits for eligible students of taxpayers~~

1 ~~who qualify pursuant to subparagraphs a and b of paragraph 1 of~~
2 ~~subsection C of this section and have received the credit in the~~
3 ~~prior year.~~

4 ~~G.~~ Taxpayers claiming the credit shall:

5 1. Only claim the credit for qualified expenses as defined in
6 paragraphs ~~6~~ 7 and ~~7~~ 8 of subsection A of this section to provide an
7 education for an eligible student;

8 2. Ensure no other person is claiming a credit for the eligible
9 student;

10 3. Not claim the credit for an eligible student who enrolls as
11 a full-time student in a public school district, public charter
12 school, public virtual charter school, or magnet school;

13 4. Comply with rules and requirements established by the
14 Commission for administration of the Oklahoma Parental Choice Tax
15 Credit Program; and

16 5. Notify the Commission not later than thirty (30) days after
17 the date on which the eligible student:

18 a. enrolls in a public school, including an open-
19 enrollment charter school,

20 b. enrolls in a nonaccredited private school,

21 c. graduates from high school, or

22 d. is no longer utilizing credits authorized by paragraph
23 1 of subsection C of this section for any reason.

1 ~~H.~~ G. Eligible students may accept a scholarship from the
2 Lindsey Nicole Henry Scholarships for Students with Disabilities
3 Program created by Section 13-101.2 of this title while
4 participating in the Oklahoma Parental Choice Tax Credit Program.

5 ~~F.~~ H. 1. The Commission shall have the authority to conduct an
6 audit or contract for the auditing of receipts for qualified
7 expenses submitted pursuant to paragraph 2 of subsection C of this
8 section.

9 2. The Commission shall be authorized to recapture the credits
10 otherwise authorized by the provisions of the Oklahoma Parental
11 Choice Tax Credit Act on a prorated basis if an audit conducted
12 pursuant to this subsection shows that the credit was claimed for
13 expenditures that were not qualified expenses or it finds that the
14 taxpayer has claimed an eligible student who no longer attends a
15 private school or has enrolled in a public school in the state.

16 3. The Commission shall be authorized to reallocate credits for
17 the current application year to the next eligible taxpayer in line
18 when a taxpayer, on behalf of an eligible student in the program,
19 chooses not to participate, is no longer eligible to participate, or
20 chooses to forgo participation in the program for any reason no
21 later than September 1 following the opening of the application
22 period of each year.

23 4. The Commission shall provide notification of approval status
24 to applicants within thirty (30) days of closure of the application

1 window. Notice to applicants with an eligible student, whose
2 parents or legal guardians have a combined adjusted gross income of
3 more than One Hundred Fifty Thousand Dollars (\$150,000.00), shall be
4 sent within thirty (30) days or no later than thirty (30) days after
5 the last day of the priority consideration period.

6 ~~¶~~ I. In the event of a failure of revenue pursuant to the
7 Oklahoma State Finance Act, the tax credits otherwise authorized in
8 subsection C of this section shall be reduced proportionately to the
9 reduction in the amount of money appropriated to the State Board of
10 Education for the financial support of public schools for the fiscal
11 year in which the failure of revenue occurs.

12 ~~¶~~ J. The Commission shall make available on its website to be
13 updated monthly:

14 1. The total amount of credits claimed each year pursuant to
15 paragraphs 1 through 4 of subsection C of this section;

16 2. The amount of credits claimed and number of students awarded
17 each fiscal year pursuant to paragraph 1 of subsection C of this
18 section disaggregated by income categories;

19 3. The total amount of credits claimed and number of students
20 awarded who attended a public school in the semester immediately
21 preceding the school year for which the application is made each
22 year; and

23 4. The total number of applications denied and total amount of
24 credits the denied applications represent for each fiscal year.

1 ~~L.~~ K. Credits received pursuant to the Oklahoma Parental Choice
2 Tax Credit Act shall not constitute taxable income to a taxpayer who
3 received the credit on behalf of an eligible student.

4 L. No later than June 15 of each year, each participating
5 private school shall electronically provide information to confirm
6 student enrollment and tuition information for the fall and spring
7 semesters of the preceding school year and any other information
8 requested by the Oklahoma Tax Commission. Failure to provide this
9 information may result in denial of private school participation in
10 subsequent school years.

11 M. An eligible and participating private school as of April 15,
12 2025, shall have until March 1, 2027, to meet the accreditation
13 requirements of this section.

14 SECTION 3. This act shall become effective July 1, 2025.

15 SECTION 4. It being immediately necessary for the preservation
16 of the public peace, health or safety, an emergency is hereby
17 declared to exist, by reason whereof this act shall take effect and
18 be in full force from and after its passage and approval.

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