

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 1395

By: Provenzano

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6 AS INTRODUCED

7 An Act relating to schools; amending Section 2,  
8 Chapter 278, O.S.L. 2023, as amended by Section 3,  
9 Chapter 277, O.S.L. 2024 (70 O.S. Supp. 2024, Section  
10 28-101), which relates to the Oklahoma Parental  
Choice Tax Credit Act; modifying website requirements  
for the Oklahoma Tax Commission; and providing an  
effective date.

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

14 SECTION 1. AMENDATORY Section 2, Chapter 278, O.S.L.  
15 2023, as amended by Section 3, Chapter 277, O.S.L. 2024 (70 O.S.  
16 Supp. 2024, Section 28-101), is amended to read as follows:

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

- 19 1. "Commission" means the Oklahoma Tax Commission;
- 20 2. "Curriculum" means a complete course of study for a  
21 particular content area or grade level;
- 22 3. "Department" means the State Department of Education;
- 23 4. "Education service provider" means a person, business,  
24 public school district, public charter school, magnet school, or

1 organization that provides educational goods and/or services to  
2 eligible students in this state;

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

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

19 7. "Qualified expense" for the purpose of claiming the credit  
20 authorized by paragraph 2 of subsection C of this section means the  
21 following expenditures:

22 a. tuition and fees for nonpublic learning programs,  
23 online or in person,

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- b. academic tutoring services provided by an individual or a private academic tutoring facility,
- c. textbooks, curriculum, or other instructional materials including, but not limited to, supplemental materials or associated online instruction required by an education service provider, and
- d. fees for nationally standardized assessments including, but not limited to, assessments used to determine college admission and advanced placement examinations as well as tuition and fees for tutoring or preparatory courses for the assessments; and

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

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

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

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

6            a. Seven Thousand Five Hundred Dollars (\$7,500.00) or the  
7 amount of tuition and fees for the private school,  
8 whichever is less, if the combined adjusted gross  
9 income of the parents or legal guardians of the  
10 eligible student during the second preceding tax year  
11 does not exceed Seventy-five Thousand Dollars  
12 (\$75,000.00),

13            b. Seven Thousand Dollars (\$7,000.00) or the amount of  
14 tuition and fees for the private school, whichever is  
15 less, if the combined adjusted gross income of the  
16 parents or legal guardians of the eligible student  
17 during the second preceding tax year is more than  
18 Seventy-five Thousand Dollars (\$75,000.00) but does  
19 not exceed One Hundred Fifty Thousand Dollars  
20 (\$150,000.00),

21            c. Six Thousand Five Hundred Dollars (\$6,500.00) or the  
22 amount of tuition and fees for the private school,  
23 whichever is less, if the combined adjusted gross  
24 income of the parents or legal guardians of the

1 eligible student during the second preceding tax year  
2 is more than One Hundred Fifty Thousand Dollars  
3 (\$150,000.00) but does not exceed Two Hundred Twenty-  
4 five Thousand Dollars (\$225,000.00),

5 d. Six Thousand Dollars (\$6,000.00) or the amount of  
6 tuition and fees for the private school, whichever is  
7 less, if the combined adjusted gross income of the  
8 parents or legal guardians of the eligible student  
9 during the second preceding tax year is more than Two  
10 Hundred Twenty-five Thousand Dollars (\$225,000.00) but  
11 does not exceed Two Hundred Fifty Thousand Dollars  
12 (\$250,000.00), or

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

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

1 Commission receipts for qualified expenses as defined by paragraph 7  
2 of subsection A of this section;

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

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

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

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

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

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

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

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

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

18 2. For tax year 2025 and subsequent tax years, the total amount  
19 of credits authorized by paragraph 2 of subsection C of this section  
20 shall not exceed Five Million Dollars (\$5,000,000.00).

21 E. The Commission shall prescribe applications for the purposes  
22 of claiming the credits authorized by the Oklahoma Parental Choice  
23 Tax Credit Act and a deadline by which applications shall be  
24 submitted. A taxpayer claiming the credit authorized by paragraph 1



1 of subsection C of this section shall submit an application  
2 prescribed by the Commission to receive the credit in two  
3 installments, each of which shall be half of the expected amount of  
4 tuition and fees for the private school based on the enrollment  
5 verification form submitted pursuant to this subsection, but in no  
6 event shall an installment payment exceed the amount of the credit  
7 authorized by paragraph 1 of subsection C of this section. If an  
8 eligible taxpayer provides documentation on the application that he  
9 or she is a recipient of income-based government benefits including  
10 the Supplemental Nutrition Assistance Program (SNAP), Temporary  
11 Assistance for Needy Families (TANF), or SoonerCare, the eligible  
12 taxpayer shall not be required to provide additional income  
13 verification. A taxpayer claiming the credit authorized by  
14 paragraph 1 of subsection C of this section shall submit to the  
15 Commission an enrollment verification form from the private school  
16 in which the eligible student is enrolled or is expected to enroll  
17 with the tuition and fees to be charged the taxpayer for the  
18 applicable school year. In reviewing applications submitted by  
19 eligible taxpayers to determine whether they qualify for a credit  
20 authorized by paragraph 1 of subsection C of this section, the  
21 Commission shall give first preference in making installments to  
22 taxpayers who qualify pursuant to subparagraphs a and b of paragraph  
23 1 of subsection C of this section. For credits issued in the 2025-  
24 2026 school year and subsequent school years, the application period

1 shall open on February 15 prior to the beginning of each school  
2 year. For any eligible student whose parents or legal guardians  
3 have a combined adjusted gross income that does not exceed One  
4 Hundred Fifty Thousand Dollars (\$150,000.00), applications shall be  
5 submitted to the Commission within the first sixty (60) days of the  
6 opening of the application period to receive priority consideration.  
7 For students enrolled in the full school year, the credit shall be  
8 paid in two installments, one per school semester, to be paid no  
9 later than August 30 and January 15, each of which shall be half of  
10 the total expected amount of tuition and fees on the enrollment  
11 verification form submitted pursuant to this subsection.

12 F. In the event there are more applications submitted by  
13 eligible taxpayers for a credit authorized by paragraph 1 of  
14 subsection C of this section than available credits pursuant to  
15 subsection D of this section, then the Commission shall give first  
16 preference in authorizing credits for eligible students of taxpayers  
17 who qualify pursuant to subparagraphs a and b of paragraph 1 of  
18 subsection C of this section and have received the credit in the  
19 prior year.

20 G. Taxpayers claiming the credit shall:

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

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

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

6       4. Comply with rules and requirements established by the  
7 Commission for administration of the Oklahoma Parental Choice Tax  
8 Credit Program; and

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

11           a. enrolls in a public school, including an open-  
12 enrollment charter school,

13           b. enrolls in a nonaccredited private school,

14           c. graduates from high school, or

15           d. is no longer utilizing credits authorized by paragraph  
16 1 of subsection C of this section for any reason.

17       H. Eligible students may accept a scholarship from the Lindsey  
18 Nicole Henry Scholarships for Students with Disabilities Program  
19 created by Section 13-101.2 of this title while participating in the  
20 Oklahoma Parental Choice Tax Credit Program.

21       I. 1. The Commission shall have the authority to conduct an  
22 audit or contract for the auditing of receipts for qualified  
23 expenses submitted pursuant to paragraph 2 of subsection C of this  
24 section.

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

8           3. The Commission shall be authorized to reallocate credits to  
9 the next eligible taxpayer in line when a taxpayer, on behalf of an  
10 eligible student in the program, chooses not to participate, is no  
11 longer eligible to participate, or chooses to forgo participation in  
12 the program for any reason.

13           4. The Commission shall provide notification of approval status  
14 to applicants within thirty (30) days of closure of the application  
15 window. Notice to applicants with an eligible student, whose  
16 parents or legal guardians have a combined adjusted gross income of  
17 more than One Hundred Fifty Thousand Dollars (\$150,000.00), shall be  
18 sent within thirty (30) days or no later than thirty (30) days after  
19 the last day of the priority consideration period.

20           J. In the event of a failure of revenue pursuant to the  
21 Oklahoma State Finance Act, the tax credits otherwise authorized in  
22 subsection C of this section shall be reduced proportionately to the  
23 reduction in the amount of money appropriated to the State Board of  
24

1 Education for the financial support of public schools for the fiscal  
2 year in which the failure of revenue occurs.

3 K. The Commission shall make available on its website to be  
4 updated monthly:

5 1. The total amount of credits claimed each year, listed in  
6 total and disaggregated by individual private school and/or  
7 homeschool, pursuant to paragraphs 1 through 4 of subsection C of  
8 this section;

9 2. ~~The~~ By individual private school and/or homeschool, the  
10 amount of credits claimed and number of students awarded each fiscal  
11 year pursuant to paragraph 1 of subsection C of this section  
12 disaggregated by income categories;

13 3. ~~The~~ By individual private school and/or homeschool, the  
14 total amount of credits claimed and number of students awarded who  
15 attended a public school in the semester immediately preceding the  
16 school year for which the application is made each year; ~~and~~

17 4. ~~The~~ By individual private school and/or homeschool, the  
18 total number of applications denied and total amount of credits the  
19 denied applications represent for each fiscal year; and

20 5. The total amount by category of qualified expenses as listed  
21 in paragraph 7 of Section A of this act.

22 L. Credits received pursuant to the Oklahoma Parental Choice  
23 Tax Credit Act shall not constitute taxable income to a taxpayer who  
24 received the credit on behalf of an eligible student.

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SECTION 2. This act shall become effective November 1, 2025.

60-1-11243 AO 12/31/24